cipp
the chartered institute of payroll professionals
leading the profession

PAYROLL: NEED TO KNOW

Your guide to UK payroll legislation and reporting

Produced by the CIPP policy and research team

2019-20

As of 1 April 2020

cipp.org.uk

Introduction

Payroll: need to know, has been produced by the CIPP Policy and Research team for the exclusive benefit of members. It contains all relevant payroll, pensions and reward *News Online* items and is indexed and categorised for easy reference. Each item is in date order (the most recent entry being at the bottom) to ensure you know you have the latest updates on any given subject.

Payroll: need to know is produced on a tax year basis and by the end of each tax year will be closed off and restarted with any significant live news items being carried forward to the following year's edition and then added to on a weekly basis with each edition of.

Using the index is easy – find your topic of interest and CTRL + click will take you straight *News Online* there.

The titles of new news articles added in the last fortnight are highlighted in blue to ensure that they will be clearly visible in the index.

If you have any comments or suggestions about *Payroll: need to know - your guide to UK payroll legislation and reporting*, please email policy@cipp.org.uk

Copyright

Copyright © 2020 Chartered Institute of Payroll Professionals (CIPP)

Published April 2020

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by other means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of the copyright holder.

This publication may not be sold, lent, hired out or otherwise dealt with in the course of trade or supply in any form of binding or cover other than that in which it is published without the prior permission of the publisher.

The CIPP logo may not be used to endorse any product or service. Any attempt to use the CIPP logo to represent that CIPP endorses a service or product is strictly prohibited

This publication contains public sector information licensed under the Open Government Licence v3.0.

Whilst every effort has been made to ensure the information included in this publication complies with current legislation the CIPP cannot be held responsible for any errors or omissions.

Contents

Apprenticeships 18

Transferring apprenticeship service funds to another employer 18
Allocating your Apprenticeship Levy allowance 18
Apprenticeship service - delay to roll out for all employers 19
Chancellor announces change to apprenticeship levy 20
Feedback from employers introduced into apprenticeship service 20
Apprenticeship funding in England 20
Calls to simplify the Apprenticeship Levy 21
Further reform urgently needed for effective Apprenticeship Levy says CBI 22
Research suggests apprenticeship levy rules need to be adjusted 22
GNS messages surrounding apprenticeship levy and employer allowance 23
Nearly half of businesses are yet to utilise their apprenticeship levy pot 23
Apprenticeship levy is being spent on 'false apprenticeships', according to thinktank report 24
New CIPP Quickpoll: the use of the apprenticeship levy 25
Insight into how companies utilise the Apprenticeship Levy 25

CIPP Policy & Research 27

Flexible SSP – what did you say? 27
Off-Payroll Working in the Private Sector – CIPP/CIPD response 28
CIPP response to consultation on Ethnicity Pay Reporting 30
CIPP webcast on tipping processes 30
What priority does your business give to supporting work-related stress? 31
CIPP response to NMW consultation on salaried workers and salary sacrifice 32
CIPP webcast on Payrolling Benefits in Kind 33
CIPP webcast on tax year changes 33
How are payslips changing? 34
CIPP quick poll 34
CIPP response to consultation on extending redundancy protection for women and new parents 35
CIPP Survey: 2019 LPC annual review of the National Minimum Wage 36
CIPP survey off-payroll working rules from April 2020 37
Electronic submission of contributions to pension providers 38
CIPP response to consultation on off-payroll working from 2020 38
CIPP webcast - off-payroll working in the private sector from April 2020 38
Devolution: payroll legislation matrix 39
CIPP response: April 2020 National Minimum Wage rates 39
Council tax pilot to recover debts direct from workers' wages 41
Council tax pilot to recover debts direct from workers' wages 41
The Employment Allowance (Excluded Persons) Regulations 2019 42
Council tax pilot to recover debts direct from workers' wages 44
CIPP webcast on employment allowance changes from April 2020 44
CIPP Survey: Proposals to reduce ill-health related job loss 45
CIPP survey: Establishing a new Single Enforcement Body for employment rights 45
CIPP Survey: Measures to address one-sided flexibility 47
CIPP survey on Neonatal Leave and Pay 48
CIPP response to consultation on The Employment Allowance (Excluded persons) Regulations 49
Holiday entitlement calculator temporarily removed 52
CIPP webcast: Off-payroll working from April 2020 52
Time Limit extensions for unfair dismissal claims 53
Data share pilot between HMRC and local authorities 53
CIPP response to BEIS consultation on neonatal leave and pay 54
CIPP Survey: Good Work Plan: Proposals to support families 55
CIPP Survey: Good Work Plan: Proposals to support families 55
CIPP Survey: Good Work Plan: Proposals to support families 56
CIPP Survey: Good Work Plan: Proposals to support families 56
CIPP Payslip Statistics Survey 57
CIPP response to BEIS consultation on parental leave and pay 57
CIPP Payslip Statistics Survey 58
CIPP Payslip Statistics Survey 58
CIPP Payslip Statistics Survey: A final call! 59
DLME Strategy 2020-2021: CIPP call for joined up gudiance to aid employer compliance 59

A unique opportunity to give your views to HMRC on the P11D process 61
Don't miss the opportunity to give your views to HMRC on the P11D process! 61
QuickPoll results: Has the delayed Budget had an impact on your payroll department? 62
CIPP QuickPoll: After a period of long-term leave, how do employees refresh their payroll knowledge? 62
CIPP QuickPoll: Coronavirus and company policy 63
The CIPP's Budget webcast now available 63
CIPP QuickPoll: Progression of the CIPP's Foundation Degree graduates 63
Data protection 65
Data Protection and Brexit - Is your organisation prepared? 65
ICO Codes of Conduct 65
GDPR one year on 66
GDPR leads to a rise in employee confidence in data security 68
BA data breach could cost airline £183.39 million 69
ICO guidance on cookies and similar technologies 69
Subject access request (SAR) timescale change due to CJEU ruling 70
Get your data protection compliance ready for a no-deal Brexit 70
Employment News 72
Employment Law & Guidance 72
The Employment Rights (Increase of Limits) Order 2019 72
Consultation on confidentiality clauses 73
Neurodiversity in the workplace 73
Northern Ireland statutory limits on awards and payments 74
The Employment Rights (Shared Parental Leave and Flexible Working) Bill 2017-19 75
Consultation on confidentiality clauses 75
Increase in 'gagging orders' for pregnancy related discrimination 76
Recruitment and retention allowance introduced to tackle judicial recruitment issues 76
Council staff receive millions in equal pay settlement 77
Acas 2018-19 Annual Report 78
Legal challenge for doctors and teachers over pension schemes 79
Brexit bill will allow British judges to depart from previous rulings of EU's top court 79
Revisiting the Queen's speech: Employment Bill 80
Employment Tribunals 81
Pimlico Plumbers – too late to claim for holiday pay 81
Personal Liability of Directors 81
Being on-call could be classed as time work… but not always 81
Contracts of Employment 82
Unite secures victory in HS2 overtime and holiday entitlement 82
Bounty UK fined £400,000 for sharing personal data unlawfully 83
Equal Pay and Insolvent Employers 84
Holiday Pay and Voluntary Overtime 84
CJEU: Employers must record Working Time 85
Shared Parental Leave and Sex Discrimination 86
Incorporation of Collective Agreement to reduce overtime pay 87
PSNI holiday pay case could have UK-wide implications 87
NI Court of Appeal ruling on unlawful deductions 88
TUPE: Keeping Minimum Wage Records 89
Employees who covertly record Meetings 89
Employer Counterclaims 90
Agency Worker v permanent employee 90
Supreme court ruling to apply to all public sector pension schemes 91
The impact of the immigration rules on employment contracts 92
Holiday pay calculations for term-time workers 92
Subject access request (SAR) timescale change due to CJEU ruling 93
Working Time Detriment Claims 94
HMRC wins IR35 case against BBC presenters 94
Redundancy Pay Cap 95
Tribunal ruling serves important reminder to employees surrounding paperwork 96
Court rules in favour of nurse in case surrounding unfair dismissal 96
Christa Ackroyd loses IR35 appeal against HMRC 97
Samira Ahmed vs. BBC: tribunal over equal pay 97
Tribunal rules that Ryanair discriminated against staff member with brain tumour 98
NHS worker overpaid by £21,000 will not pay money back 98

HMRC loses IR35 case against Richard Alcock 99
TV presenter, Helen Fospero wins against HMRC in the latest IR35 case 100
Tribunal rules that workers should be classed as employees for purposes of TUPE regulations 100
The substitution clause and worker status 101
The Supreme Court to decide whether time spent asleep during sleep-in shifts should be paid at National Minimum Wage rate in landmark case 102
Shared parental pay case refused permission to appeal to Supreme Court 102
Reinstatement and Annual Leave 103
Ethnicity Pay Gap 104
Government announces Race at Work Charter 104
Ethnicity Pay Reporting Consultation 105
CIPP response to consultation on Ethnicity Pay Reporting 105
Ethnicity pay gap reporting 106
Call for employers to take more responsibility for ethnicity pay gap 107
Gender Pay Gap 109
Government publish response to gender pay gap reporting recommendations 109
Gender pay gap reporting – payment in arrears 111
New guidance to help employers close gender pay gap 112
Has Gender Pay Gap Reporting resulted in more openness? 113
What works to reduce the gender pay gap: action for employers 114
Changes to gender pay gap reporting under consideration 115
BBC continues to reduce its gender pay gap 116
Implausible gender pay gap data to be investigated 116
Small businesses dispute extension to gender pay reporting 117
Gumtree Jobs research highlights 25% gender pay gap in hospitality sector for low-income jobs 118
UK's global gender equality ranking slips 118
Enforcement of the gender pay gap reporting deadlines suspended for this year 119
General Employment News 120
Change to online right to work checks 120
Is your employer ready to take the pledge? 120
Is your workforce aware of how to apply for Settled Status? 121
What a new future skills-based immigration system could look like? 122
Payment industry teams join Pay.UK 122
Does the BBC pay women and men equally for equal work? 122
Voluntary Reporting on Disability, Mental Health and Wellbeing 123
Positive mental health in the workplace 123
New EU wide protections for whistleblowers approved 125
Learning at Work Week – 'Shaping the Future' 126
Common cause of stress and anxiety at work is workload 126
Employers not doing enough to keep pregnant women safe at work 127
New alliance calls on government to make employers prevent sexual harassment 128
UK's gig economy workforce has doubled since 2016, TUC and FEPS backed research shows 128
Wages overtake inflation for 16th month in a row 129
Holiday pay claims increase since tribunal fees abolished 130
Consultation on Sexual Harassment in the Workplace 130
Pregnancy and maternity discrimination 131
Confidentiality clauses: measures to prevent misuse in situations of workplace harassment or discrimination 132
Consultation on transparency in supply chains 132
Cybercrime costing small firms millions 134
Average pay has fallen for millions of lower and middle-income jobs 134
New Zealand sanctions wages paid in cryptocurrencies 135
Holiday entitlement calculator temporarily removed 136
Employment numbers continue to break records 136
Withdrawal of Microsoft support for Windows 7 operating system may affect your access to Bacs 137
Non-receipt of payslips for UK employees between 2016-2018 for 9% of UK staff 137
Barclays to transfer all contractors to PAYE to avoid IR35 issues 138
Lloyds the latest bank to announce plans following IR35 reforms from April 2020 138
Potential deportation for EU citizens who miss registration deadline 139
Survey finds that Contractors may 'jump ship' determined by 'inside IR35' 139
Budget date provisionally set for 6 November 141
100% of tips for workers in The Employment (Allocation of Tips) Bill 141
Social Market Foundation recommend that profits be translated to pay increases and training for workers 141
ONS reports total pay increases of 1.9% 142

Continued support for the Mental Health at Work Commitment....142
BACS 2020 processing calendar available to download....143
Statistics highlight that three quarters of mothers were in work from April – June 2019....143
QuickQuid set to close, but how can employers help staff in times of financial stress?....144
Government proposals to make references mandatory....144
Research reveals professions Brits complain about the most – amazingly, payrollers do not feature!....145
Advice for employers ahead of 2019 general election....146
Scottish budget postponed until after Christmas....146
BACS publish processing dates for the festive period 2019....146
Work-related mental health conditions resulted in over 12 million sick days last year....147
Employees would sacrifice their Christmas party in return for more regular rewards throughout the year....148
Bacs dates over Christmas and the future of the UK payments infrastructure....148
Unfair gender pay gaps in companies may prompt staff to look for another job....150
Tax and NIC considerations on seasonal reward schemes....150
Number of people placed in permanent jobs drops in November....151
Majority of workers confirm that December's early pay date results in financial difficulty in January....152
New higher Social Security contribution rates for Jersey from January 2020....152
The holiday entitlement calculator is available for use online after being removed earlier this year....153
Small & medium businesses fret about the expectations of staff at Christmas....154
Newcross Healthcare offers Flexi Pay option to staff....155
The number of people working on Christmas Day in the UK is expected to exceed the 4.5 million mark....156
Study predicts Santa's salary and job role....156
Research suggests that 60% of employees in the retail sector have received incorrect pay....157
Webcast: Christmas payroll considerations....158
Three-fifths of UK organisations not prepared for executive pay ratio reporting....158
Carer who was overpaid £10,000 due to company error spent the money before employer noticed....159
£50 billion in late payments being chased by SMEs in the UK....159
Number of Greater Manchester businesses to prohibit zero-hours contracts....160
201 million hours lost to healthcare appointments in the last year....161
The bank and public holiday dates for England and Wales, Scotland and Northern Ireland for 2020 and 2021....161
Pay.UK processed record pay volumes and amounts in 2019....163
The Employment Rights (Increase of Limits) Order 2020 published....164
Temporary changes to right to work checks during coronavirus outbreak....164
Executive Pay....165
Will CEO pay ratio reporting change Fat Cat Friday timeline?....165
The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019....165
Executive rewards: paying for success'....166
ONS Figures show UK wage growth has slowed and unemployment has fallen....167
Gumtree Jobs research highlights 25% gender pay gap in hospitality sector for low-income jobs....167
Top bosses who work three days could earn above the average worker's pay for the whole of the year....168
Holiday pay....170
Pimlico Plumbers – too late to claim for holiday pay....170
Holiday Pay and Voluntary Overtime....170
PSNI holiday pay case could have UK-wide implications....171
Holiday pay claims increase since tribunal fees abolished....172
Holiday pay calculations for term-time workers....172
Calculating holiday pay if using the 52 week reference period....173
Holiday pay guidance updated for term-time workers....174
Government campaign launched to ensure workers receive the correct holiday pay....175
BEIS relax rules to respond to COIVD-19 impact on taking annual leave....175
Modern Working Practices (Good Work Plan)....178
Good Work Plan – major reforms to workplace rights....178
Labour Market Enforcement Strategy 2018-19: government response....179
Good Work Plan – legislation laid....179
Labour market Enforcement Annual Report 2017/18....180
Good work plan: establishing a new single enforcement body for employment rights....181
Compensation for flexible workers facing cancelled shifts....181
Good Work Plan: Proposals to support families....182
Labour Market Enforcement Strategy 2019/20....183
Impact Assessment for addressing one-sided flexibility....185
Flexible working and family-related leave and pay policies....185
Call for evidence: non-compliance with right to work checks....186
Labour Market Enforcement Strategy 2020 to 2021: call for evidence....187

Expenses, Benefits & Reward 189
Childcare 189
Employer Supported Childcare closes to new applicants 189
Tax-Free Childcare 190
CIPP response to BEIS consultation on neonatal leave and pay 191
Child Benefit and the High Income Child Benefit Charge 192
Amendments to timings surrounding Tax-Free Childcare payments 192
Company Cars 194
Company Car Tax Diesel Supplement 194
Advisory Fuel Rates for Company Cars from 1 March 2019 194
Advisory Fuel Rates for Company Cars from 1 June 2019 195
Taxable benefits and rules for measuring CO2 emissions 195
Advisory Fuel Rates for Company Cars from 1 September 2019 196
Car and car fuel benefit calculation to change 197
Advisory Fuel Rates for Company Cars from 1 December 2019 197
Ultra-Low Emission Vehicles 198
Advisory Fuel Rates for Company Cars from 1 March 2020 198
The Van Benefit and Car and Van Fuel Benefit Order 2020 199
General Expenses, Benefits & Reward News 200
Changes to the treatment of expenses for unpaid office-holders 200
The Income Tax (Approved Expenses) (Amendment) Regulations 2019 200
Guide 480 Expenses and benefits 201
CIPP webcast on Payrolling Benefits in Kind 201
PAYE: end-of-year expenses and benefits (P11D) 202
PAYE Expenses & Benefits (P11D) 202
E-bike Cycle to Work scheme in new era of green commutes 203
ABAB - payrolling benefits in kind 203
Cycle to work scheme implementation guidance for employers 205
PAYE Settlement Agreement deadline 6 July 207
Special arrangements for part-time Office Holders 207
Research shows a lack of understanding amongst employees on the taxation of benefits in kind 208
Gift cards increasingly popular incentive among businesses 208
Voluntary office-holders: payments in respect of expenses 209
Approved professional organisations and learned societies (list 3) 210
Gift cards as incentives are highly appealing to workforce 211
PAYE: Business expenses – allowable or not? 211
Approved professional organisations and learned societies (list 3) 211
Expenses and benefits – trivial benefits: Webinar from HMRC 212
HMRC webinar on expenses and benefits – employee travel 213
HMRC webinar on expenses & benefits for employers – employees with multiple workplaces 213
Research suggests that married UK employees receive more benefits than single staff members 213
Employees would sacrifice their Christmas party in return for more regular rewards throughout the year 214
Approved professional organisations and learned societies (list 3) 215
Trivial Benefits in Kind 215
Approved professional organisations and learned societies (list 3) 216
The CIPP's payrolling of benefits factsheet is available 216
480: A tax guide is now available on GOV.UK in HTML format which signals the end of it being published in PDF 217
Approved professional organisations and learned societies (list 3) 218
HMRC offers new webinars to help employers with the complex area of expenses and benefits 218
CWG5: guide to benefits and expenses to report on form P11D or substitute form for employers 2020-21 published 219
Approved professional organisations and learned societies (list 3) 220
HMRC publishes guidance on which expenses are taxable for employees working from home due to COVID-19 220
Government News 221
CIPP Budget 2018 summary 221
Spring Statement 2019 230
CIPP Budget 2020 Summary 232
The CIPP's Budget webcast now available 232
EU Exit - Brexit 234
EU Settlement Scheme process for EU citizens post Brexit 234

Partnership pack: preparing for a 'no deal' Brexit 234
EU Settlement Scheme update 235
EU Exit update from HMRC 235
EU Exit - Cross Government Partnership Pack - 3rd Edition 236
Preparing for a ‘no deal’ Brexit 236
Employers choosing to reimburse their staff for the cost of the EU Settled Status scheme 237
Reimbursing staff for the cost of the EU Settled Status scheme 238
Data Protection and Brexit - Is your organisation prepared? 238
Government outlines no deal arrangements for EU citizens 238
EU settlement scheme update 240
Latest guidance to businesses about the UK leaving the EU 240
HMRC Information on EU Exit 241
Be prepared for a ‘no deal’ Brexit 242
EU Settlement Scheme for EU citizens living in the UK 242
Brexit guidance from Acas 243
EU Settlement Scheme now fully open 244
Employer Bulletin: EU Exit edition 244
Protecting and enhancing worker rights after the UK leaves the EU 245
Scotland calls for more talks following EU Exit delay 245
Employing EU, EEA and Swiss citizens and their family members after Brexit 246
EU Settlement Scheme 247
End of Intermediaries Grant Scheme 247
What do you need to do to prepare for Brexit? 248
Changes for UK employers sending workers to the EU, the EEA or Switzerland in a no deal situation 249
EU Settlement Scheme – one million people granted status 249
Update on the EU Settlement Scheme 250
CIPP EU exit (Brexit) factsheet 250
HMRC publishes Agent Update – Brexit Edition 251
Many employers unaware of post-Brexit visa rules 251
Travellers being urged to check passport validity for post Brexit 252
Brexit Business Readiness Events 253
Changes for UK employers sending workers to the EU, the EEA or Switzerland 253
Get your data protection compliance ready for a no-deal Brexit 254
HMRC updates social security guidance for workers from the UK going to work in Switzerland 254
Brexit bill will allow British judges to depart from previous rulings of EU’s top court 255
Settled and pre-settled status to be confirmed digitally 256
House of Lords demand that EU citizens receive physical proof of settled or pre-settled status 256
The Department for Work & Pensions releases guidance relating to the State Pension for individuals living in the EEA or Switzerland post-Brexit 257
Over three million applications to the EU Settlement Scheme received 258
EU Settlement Scheme – COVID-19 update 259
General Government News 260
OTS suggests PAYE equivalent for online platform workers 260
LGA consults on increase to income tax and NICs to pay for adult social care 260
OTS review the Business Life Cycle 261
Individuals could be expected to pay into social care fund 262
Employers may have to include in job advert if it can be done flexibly 263
Shared Parental Leave and Pay (Extension) 2017-19 263
Consultation on extending redundancy protection for women and new parents 264
Change to online right to work checks 264
Will tax simplification still be needed as technology advances? 265
Extending redundancy protection for women and new parents 265
Saving your clients/employees money on childcare costs 267
PAYE needs to be updated for modern working patterns 267
Chair’s Commons Bill pushes for new protections for pregnant women and mothers 269
Report on the use of non-disclosure agreements in discrimination cases 270
Challenges in using data across government 271
Devolved administrations write to UK Government on review of relationship with Westminster 272
Thompson to step down from HMRC to take FRC role 272
Gender equality at every stage: a roadmap for change 273
Who’s who in the new Prime Minister’s Cabinet 274
The cost of whistleblowing 277
DWP consultation engagement events – ‘Health is everyone's business’ 278

Brexit: Queen's Speech central to Withdrawal Agreement 279
Spending Round - £13.8 billion more for public services 280
Prime Minister announces a loan charge review 281
DWP change at the top - Secretary of State for Work and Pensions 282
Plans to raise primary and secondary teachers' salaries by 2022 282
Disguised remuneration: Independent loan charge review 283
New flexi job search site launched by government 284
GOV.UK content feedback 284
Labour plan to introduce 32-hour working week whilst abolishing zero-hour contracts 285
Sajid Javid's pledge to hike national living wage will be in two phases 285
HMRC receive influx of incorrect 'Disguised Remuneration' Full Payment Submissions 285
Budget scheduled for 6 November cancelled ahead of Boris Johnson's announcement that he will push for general election 286
What is purdah? 286
The CIPP's general election factsheet is now available 287
When will the Budget be held? 288
Queen's Speech December 2019: Key points for payroll professionals 288
Revisiting the Queen's speech: Employment Bill 289
Disguised remuneration guidance updated following the independent loan charge review 289
Budget date confirmed as 11 March 2020 291
CIPP urges government ministers to publish National Insurance rates and thresholds 291
Scottish budget plans to be confirmed on 6 February 2020 292
New £10 weekly Scottish Child Payment to help approximately 170,000 children 292
Scottish Budget 2020-2021 unveiled 293
Quick Poll – the effect of the delayed UK Budget on payroll departments 294
Sajid Javid has resigned as Chancellor of the Exchequer 294
The new Chancellor, Rishi Sunak, commits to delivering Budget on 11 March 295
The Finance Bill 2020 will be published on 19 March 296
Welsh government's final budget for 2020-21 approved 296
BEIS consult on Carer's leave 296

HM Revenue & Customs 297

General HMRC News 297

Say goodbye to the Earlier Year Update 297
HMRC anti money laundering fee increase 298
Direct Recovery of Debts intervention – two year review 299
Long overdue digital access to complain about HMRC welcomed 299
Consultation on Amending HMRC's Civil Information Powers 300
CWG2 update 301
Half of workers not checked their Personal Tax Account 301
Data protection - HMRC appropriate policy document 302
HMRC Telephone Scam Warning 302
Breakthrough controls stop phone fraudsters spoofing HMRC 303
Supply Chain Fraud 304
PAYE tax gap reduced in 2017-18 305
HMRC rakes in £860m in penalties in 2018-19 306
Tax credits renewal deadline 31 July 306
Businesses urged to register for Making Tax Digital before August 307
HMRC secures record £627.9 billion in revenue 307
Contractors operating CIS – new VAT reverse charge on building and construction services 308
CIS reverse VAT charging delayed to Oct 2020 309
HMRC calls on universities to protect students from tax scams 309
Payroll tasks, reports and payments for company directors 310
Three non-executives join HMRC Board 310
HMRC issue a welcome update to Employment Allowance reform 311
HMRC update surrounding PSA payments published 312
HMRC publishes update to guidance on repeal of Swedish derogation 312
Guidance surrounding a 'key facts page' for agency workers published by HMRC 314
OTS publish guidance surrounding the simplification of tax 314
Government response to 'Disputing Tax' report issued by Treasury Sub-Committee 315
Basic PAYE Tools to include provision for printing payslips 316
HMRC confirms permanent chief executive appointment 317
HMRC launches new online customer forum 317
HMRC appoints Interim Chief Digital & Information Officer 317

HMRC updates social security guidance for workers from the UK going to work in Switzerland 318
HMRC webinar on expenses and benefits – employee travel 318
Contractors opting for PAYE ahead of IR35 reforms to private sector 319
HMRC webinar on expenses & benefits for employers – employees with multiple workplaces 319
HMRC webinars: key responsibilites – employing people 320
HMRC webinar on Expenses and benefits – social functions and parties 320
Support webinars from HMRC this December 320
HMRC reveals the strangest excuses and expense claims on Self-Assessment tax returns it has received in the last decade 321
HMRC review of Powers and Safeguards 322
Ipsos MORI are looking for agents to participate in research on powers and safeguards for HMRC 323
CWG2: further guide to PAYE and National Insurance contributions 324
Updated starter checklist released 324
HMRC to withdraw P60 and P45 stationery 324
HMRC launches consultation into its draft revised charter – have your say! 325
HMRC reveals intentions to stop automatically sending paper Self-Assessment returns 326
HMRC launches a consultation in relation to tackling Construction Industry Scheme abuse 327
HMRC text message scam warning 327
HMRC Employer Bulletins 328
HMRC Employer Bulletin: December 2018 328
HMRC Employer Bulletin: February 2019 329
HMRC Employer Bulletin – April 2019 330
HMRC Employer Bulletin – June 2019 331
Employer Bulletin – August 2019 332
Employer Bulletin – October 2019 332
Employer Bulletin – December 2019 333
Employer Bulletin – February 2020 334
Employer Bulletin: Budget Special 335
Making Tax Digital 337
HMRC delays rollout of digital VAT returns – for some businesses 337
MTD for VAT: Pilot now open to all affected businesses 337
Which software packages support the Making Tax Digital pilots 338
Making Tax Digital for Business 338
Making Tax Digital plans for small businesses to go ahead 339
National Insurance 340
Class 2 National Insurance will be staying 340
Class 1A National Insurance contributions on termination payments 340
Changes to National Insurance contributions 341
Employment allowance changes from 2020 341
National Insurance Contributions (Termination Awards and Sporting Testimonials) Bill 342
Proposals for over-50s to pay extra National Insurance to cover social care 343
How to quickly confirm National Insurance numbers 343
Employment Allowance eligibility reforms 344
CIPP webcast on employment allowance changes from April 2020 345
National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019 345
CIPP response to consultation on The Employment Allowance (Excluded persons) Regulations 346
Termination Awards and Sporting Testimonials –real-time Class 1A NICs guidance 349
Termination awards and sporting testimonials –real-time Class 1A NICs guidance – clarification 349
New forms for National Insurance: credits for parents and carers 350
Consultation on draft regulations to report and pay Class 1A National Insurance contributions on termination awards and sporting testimonials 350
HMRC publish policy paper relating to the Employment Allowance: excluded persons regulations 2020 350
NI threshold values for use in 2020-21 published by government 352
Employment Allowance gudiance published – for eligible claimants from 6 April 2020 352
Chancellor expected to introduce tax break for employers who hire veterans 353
Employment Allowance will potentially increase from £3,000 to £4,0000 354
National Minimum Wage/Living Wage 355
Real Living Wage increases £9 in UK and £10.55 in London 355
National Minimum Wage: consultation on salaried workers and salary sacrifice schemes 355
LPC publishes its recommendations to tackle one-sided flexibility 356
NMW guidance on unpaid work trial periods 357
Iceland to fight HMRC over minimum wage dispute 357

CIPP survey on NMW Consultation on Salaried Workers and Salary Sacrifice 358
Minimum and zero-hours contracts and low paid staff 359
Low Pay Commission visit programme for 2019 360
CIPP response to NMW consultation on salaried workers and salary sacrifice 361
Low Pay Commission consultation 2019 362
Review of international evidence on minimum wages 363
20 year anniversary of the National Minimum Wage 363
Low Pay Commission starts its 2019 visits 364
CIPP Survey: 2019 LPC annual review of the National Minimum Wage 365
Low Pay Commission urge Government to act 366
Rise in number of people being paid below minimum wage 366
Chancellor plans significant rise in minimum wage 367
Minimum wage - a promising but uncertain future 368
Suspension of the minimum wage naming scheme 369
Living Hours campaign launched to tackle work insecurity 369
CIPP response: April 2020 National Minimum Wage rates 370
BEIS Committee calls for WHSmith workers to be paid Living Wage 371
There are problems the minimum wage can't fix 372
Four in ten small firms increasing prices due to higher wages 373
Proposed increase to National Living Wage and decrease to age limit 374
Labour plan to introduce 32-hour working week whilst abolishing zero-hour contracts 374
Sajid Javid's pledge to hike national living wage will be in two phases 374
National Minimum Wage Webinar from HMRC 375
HM Treasury issues a review of international evidence in relation to the impacts of minimum wage 375
The Living Wage Foundation celebrate Living Wage Week 2019 376
The future of minimum wages 377
Think tank pledges support for higher minimum wages for liquid workers 377
Government releases new minimum wage figures for April 2020 378
A cautionary note surrounding the leap year and National Minimum Wage / National Living Wage 379
Study suggests that a substantial number of employees are paid under minimum wage 380
Interesting research into the effects of the National Living Wage from the Low Pay Commission 381
Low Pay Commission announces regional visit programme for 2020 382
Government confirms that employers who fail to meet the requirement to pay staff minimum wage will be 'named and shamed' 383
New National Minimum Wage Law: enforcement policy and salary sacrifice 384
2018/19 confirmed as another record-breaking year for Minimum Wage enforcement 384
HMRC guidance on upcoming increases to National Minimum Wage and National Living Wage 385
Further HMRC guidance on National Minimum Wage and National Living Wage published 385
Government requests recommendations for National Living Wage and National Minimum Wage rates applicable from April 2021 386
BEIS issues a bulletin relating to COVID-19 and National Minimum / National Living Wage 387
Low Pay Commission consultation on the future of the National Living Wage and National Minimum Wage 388
The IFS asks – would a delay to the imminent increase to the Minimum Wage be wise? 389
The National Minimum Wage in 2020 390

PAYE (Pay As You Earn) 391

Attachment of Earnings Orders (AEOs, DEAs) 391
The Enforcement of Fines and Other Penalties Regulations (Northern Ireland) 2018 391
The Diligence against Earnings (Variation) (Scotland) Regulations 2018 391
Council tax pilot to recover debts direct from workers' wages 392
Council tax pilot to recover debts direct from workers' wages 393
Council tax pilot to recover debts direct from workers' wages 394

Expat News 396
The timeliness of HMRC Expat processes 396
Joint Forum on Expatriate Tax and National Insurance contributions 396

General PAYE News 398
The FPS replaces the Earlier Year Update 398
Agricultural Wages in England, Scotland, Wales and Northern Ireland 399
Manually calculate deductions due on the loan charge 399
Reporting payroll when your normal payday falls on a non-banking day 400
Updates for the new tax year on GOV.UK 401
Payslip changes from 6 April 2019 402
Updates made to Basic PAYE Tools 403
Expenses and Benefits Toolkit for Agents 404

Basic PAYE Tools – New Release 404
Businesses urged to plan ahead to avoid delays to Easter payments 404
The impact of bank holidays on reporting deadlines 405
Basic PAYE Tools: how to use with Linux operating systems 406
Use software to send Income Tax updates 406
Welsh workers pay Scottish income tax in payment mix-up 406
Approved agencies for Payroll Giving 407
Missing XPO workers' pension contributions 407
HMRC responds to issues with Welsh income tax codes 408
Payroll support from HMRC 409
Consultation on Statutory Sick Pay reform imminent 410
Send an Earlier Year Update using Basic PAYE Tools 411
Income Tax and National Insurance contributions for NHS WATS courses 411
Is 'admin error' the new black? 412
Have you migrated to AUDDIS? 413
More people sign up to Payroll Giving 413
Company directors – payroll and you 414
FPS three day easement continues 414
Employment Allowance – additional detail needed via RTI returns 415
Basic PAYE Tools user guide 415
EYU to remain for another year 416
Employer Student Loan / Postgraduate Loan Stop Prompts 417
Employment Related Securities Bulletin 417
Marriage allowance tax refund deadline 2015/2016 claims approaching 418
GNS messages surrounding apprenticeship levy and employer allowance 418
HMRC publishes statistics relating to Income Tax deducted from pay for 2017-2018 419
Fraudsters target charity businesses by impersonating staff 419
Short Term Business Visitors (STBV): a clarification piece 420
HMRC advises customers to prepare for upcoming self-assessment deadline 421
Ahead of the Self-Assessment tax return deadline, a reminder to be vigilant to HMRC scams 422
HMRC's Talking Points webinars 423
A review of the government's response to OTS report on simplifying tax for smaller businesses 424
Individuals report surprise tax bills when completing self-assessment tax returns and using the marriage allowance 426
Individuals claiming the marriage allowance for tax year 2018-19 urged to check Self-Assessment tax returns 426
EYU can still be utilised for tax year 2019-20 – a reminder 427
Record breaking 10.4 million customers filed Self-Assessment tax returns online 427
Scottish Budget 2020-2021 unveiled 428
HMRC encourages couples and civil partners to claim the Marriage Allowance this Valentine's Day 429
HMRC publishes rates and thresholds for employers 2020 to 2021 430
P9X: Tax Codes 431
Advice surrounding the new version of the SSP1 form 432
Scottish tax rates and thresholds unlikely to operate from 6 April 2020 432
Latest advice on Scottish tax threshold changes 432
HMRC confirms updated Scottish income tax thresholds will be operative from 11 May 2020 433
Intermediaries 433
Off-Payroll Working in the Private Sector – CIPP/CIPD response 434
Reform of off-payroll working rules (IR35) continues 435
Off-payroll working in the private sector 436
IR35 Forum minutes published 437
Consultation on off-payroll working rules in private sector from April 2020 438
Prepare for changes to the off-payroll working rules (IR35) 439
CIPP survey off payroll working rules from April 2020 440
Off-payroll working in the public sector – information for agents 441
IR35 Forum minutes published 441
CIPP response to consultation on off-payroll working from 2020 442
CIPP webcast - off-payroll working in the private sector from April 2020 443
Finance Bill 2019-20 confirms start date for private sector off-payroll 443
Off-payroll working flag aims to reduce unnecessary prompts 444
Off-payroll working from April 2020 – new guidance 444
Off-payrolling working rules from April 2020 446
CIPP webcast: Off-payroll working from April 2020 447
Off-payrolling working rules from April 2020 447

PAYE: Off-working payroll from April 2020 & getting ready for Brexit....448
HMRC assemble dedicated teams to assist businesses affected by IR35 reforms....449
Christa Ackroyd loses IR35 appeal against HMRC....449
Improved CEST tool to assist with IR35 reforms announced....450
TV presenter, Helen Fospero wins against HMRC in the latest IR35 case....451
Contractors opting for PAYE ahead of IR35 reforms to private sector....451
IR35 advice – if it looks too good to be true, it probably is!....452
HMRC guidance on IR35 reforms confirms that previous tax years will not be investigated where there is no suspicion of fraud....453
Update to Check Employment Status for Tax (CEST) tool section of Employment Status Manual....453
Updated Check Employment Status for Tax (CEST) tool published....454
What the political parties are saying in relation to IR35 reforms....454
Advice to businesses is to continue preparing for IR35 reforms in April 2020....455
Conservative MPS write to Chancellor urging him to extend IR35 reforms deadline....456
Off-payroll review launched by government....457
HM Treasury publishes "Off-payroll working rules: contractor factsheet"....458
HMRC warn employers to prepare for off-payroll reforms....458
HMRC publishes draft secondary legislation: off-payroll working rules from April 2020....459
HMRC confirms how to avoid double taxation on payments for those affected by IR35 reforms....460
House of Lords: a call for evidence: the off payroll working rules....460
HMRC announces substantial change to the off-payroll working rules, ahead of the 6 April 2020 implementation date....462
New draft guidance relating to IR35 reforms published by HMRC – what is 'reasonable care'?....462
HMRC publishes Employment status factsheet....463
HMRC's Software Developers Support Team publish guidance on reporting off-payroll workers from April 2020....464
Eamonn Holmes has lost IR35 case against HMRC....465
HMRC confirms IR35 reforms will go ahead from 6 April 2020 in response to recent review....465
HMRC publishes communication resources relating to off-payroll working rules....466
IR35 reforms delayed for 12 months amidst coronavirus outbreak....466
Payroll Software updates....467
Software developers: PAYE update....467
Welsh Rates of Income Tax....467
Software developers: Recognition for RTI and for Expenses and Benefits....468
PAYE projects for software developers 2020-21....468
PAYE internet submissions, expenses and benefits....469
Termination Awards and Sporting Testimonials –real-time Class 1A NICs guidance....469
Draft forms P11D and P11D Working Sheets....470
P60 substitute forms....470
Statutory Pay and Leave....471
Parental Bereavement (Leave and Pay) Bill approved by Parliament....471
Parental bereavement leave and pay – government response....471
Statutory payments: Small Employers Relief threshold and recovery rates....472
Shared Parental Leave and Pay (Extension) 2017-19....472
The Employment Rights (Increase of Limits) Order 2019....473
The Social Security Benefits Up-rating Order 2019....474
The Social Security Benefits Up-rating Order (Northern Ireland) 2019....474
The Social Security Benefits Up-rating Order 2019....475
Statutory Sick Pay (SSP) guidance update....475
Consultation on Statutory Sick Pay reform imminent....476
Parental Bereavement Leave and Pay....477
Reforming Statutory Sick Pay....478
Need help with the payroll aspects of statutory payments?....479
Guidance surrounding the reporting of Statutory Parental Bereavement Pay Published by HMRC....479
New format SMP1 form published, with the new, welcome option to complete on screen....480
Proposed statutory pay rates from April 2020....481
BEIS issues press release confirming 'Jack's Law' – the legal right to parental bereavement leave....482
Draft legislation relating to Parental Bereavement Leave and Statutory Parental Bereavement Pay published....483
CIPP webcast on Statutory Parental Bereavement Pay and Parental Bereavement Leave....484
Extra pay for parents of children in neonatal care could be announced....484
The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020....485
Original SSP1 form restored....485
Statutory Sick Pay – jargon buster....486

Government response to neonatal leave and pay consultation published 487
Coronavirus Bill: Statutory Sick Pay 487
Student Loans 488
Scottish Student loan repayment threshold to rise to £25,000 488
Student loan threshold changes for 2020-21 489
Employer Student Loan / Postgraduate Loan Stop Prompts 489
Generic Notification Service (GNS) messages 490
New contact details for Student Loan Company enquiries published by HMRC 491
Generic Notification Service messages for Student and Postgraduate Loans 491
New student loan repayment system will be launched by government in 2020 491
Coronavirus (COVID-19) 492
The effect of coronavirus 492
Coronavirus: three days more sick pay for self-isolating workers 493
Coronavirus guidance for employers and employees – what we know so far 494
The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020 495
Coronavirus latest guidance and legislative updates 495
IR35 reforms delayed for 12 months amidst coronavirus outbreak 496
'Payments providers' listed as key workers 497
Face to face interviews suspended for sickness and disability claimants for three months 497
The government of Jersey releases advice for businesses and individuals in relation to COVID-19 outbreak 498
Payroll professionals are classified as key workers 499
HMRC circulates latest guidance for businesses and employees in relation to the coronavirus outbreak 499
Coronavirus Bill: Statutory Sick Pay 500
BEIS issues a bulletin relating to COVID-19 and National Minimum / National Living Wage 501
Coronavirus – online isolation notes now available 502
What is a 'furloughed worker'? 502
Proposed amendment to Coronavirus Bill – 'Statutory Self-Employment Pay' 503
Enforcement of the gender pay gap reporting deadlines suspended for this year 503
HMRC text message scam warning 504
Chancellor announces measures to protect the self-employed during the coronavirus outbreak 504
HMRC helpline established to assist businesses affected by COVID-19 505
Coronavirus Job Retention Scheme guidance published 506
HMRC publishes guidance on which expenses are taxable for employees working from home due to COVID-19 508
BEIS relax rules to respond to COIVD-19 impact on taking annual leave 509
EU Settlement Scheme – COVID-19 update 510
Temporary changes to right to work checks during coronavirus outbreak 510
FAQs: The Coronavirus Job Retention Scheme 511
Returning NHS workers targeted by tax avoidance promoters (Spotlight 54) 511
Pensions 512
Automatic Enrolment 512
TPR Quarterly Bulletin 512
Accounts manager ordered to pay £5,000 for workplace pension lies 513
11% of employers do not inform employees of pension contribution increases 513
Automatic enrolment pension contribution increases 515
Government urged to force matching of voluntary pension contributions 515
Law breaking employers targeted in new round of pension compliance checks 516
Missing XPO workers' pension contributions 516
Advisers, do you have multiple client declarations you need to submit for auto enrolment? 517
Workplace pension re-enrolment made simpler with new online tool 517
Some employers changing ID to avoid workplace pension duties 518
Recruitment agency to be prosecuted for trying to avoid giving its staff workplace pensions 518
Employer fined £350,000 for workplace pension failures 519
Businessman to be prosecuted for failing to reveal company details 520
Experts warn that government must amend current auto-enrolment criteria to 'plug savings gap' 520
The Pensions Regulator confirms prosecution of children's nursery in crackdown on non-compliance 520
The Pension Regulator's latest figures show an increase in the number of auto-enrolled workers in November 521
The Pensions Regulator invites advisers to design their own auto enrolment webinar 521
The Pensions Regulator is performing auto-enrolment checks on large businesses 522
Guy Opperman confirms Automatic Enrolment earnings trigger will remain unchanged at £10,000 522
The Pension Regulator's Automatic Enrolment webinar for business advisers 523

General Pensions News **524**
Collective Defined Contribution pension scheme approved by Government 524
Pension schemes newsletter 108 – March 2019 525
Countdown bulletin 44 – updated 525
New priorities set by the FCA & TPR 525
Pension schemes newsletter 109 – April 2019 526
Pension schemes warned to comply with law on chair's statements 526
Recognised overseas pension schemes notification list 527
Latest Countdown Bulletin published 527
TPR tightens its regulatory grip to deliver better outcomes for pension savers 528
HMRC Pension schemes newsletter 110 529
Recognised overseas pension schemes notification list 529
Pension Schemes Online: update to user guide 529
The right default fund could have the same impact as doubling pension contributions 530
Tens of thousands entering retirement without ever taking advice each year 531
Payroll and HR solutions specialist launches employment law advice service for employers 532
360,000 incorrect State Pension forecasts issued 532
Pension schemes: service availability and issues 533
HMRC Pensions Industry Stakeholder Forum 533
Net pay pensions petition 534
PASA publishes cyber security guidance for pension schemes 534
PLSA invites FTSE 100 companies to discuss raising workplace reporting standards 535
Pensions Regulator lifts the bonnet on default investment governance 536
Recognised overseas pension schemes notification list 537
Pension schemes newsletter 111 – June 2019 537
The Pensions Regulator - Corporate Plan 2019 - 2022 538
Latest Countdown Bulletin published 539
Don’t let a scammer enjoy your employees’ retirement 540
Top executives pension contributions 540
New fair and consistent pension scheme for Royal Mail 540
TPR publishes consultation on reducing the number of poorly governed pension schemes 541
Recognised overseas pension schemes notification list 542
Supreme court ruling to apply to all public sector pension schemes 543
Pension schemes newsletter 112 544
Latest Countdown Bulletin published 544
Financially savvy just as likely to fall victim to pension scams 545
Tapered annual allowance for senior NHS clinicians to be reveiwed 546
Recognised overseas pension schemes notification list 546
Pension schemes newsletter 113 – August 2019 547
Latest Countdown Bulletin published 548
Recognised overseas pension schemes notification list 548
Share your view on independent schools withdrawal from Teachers’ Pension Scheme 549
Taking stock with the Mid-life MOT 550
TPR launches prosecution against director 550
Government launches consultation to overhaul NHS pension scheme 551
Recognised overseas pension schemes notification list 551
Recognised overseas pension schemes notification list 552
Decrease in pension contributions correlates with significant increase in number of self-employed individuals 553
Women born in the 1950s lose state pension age case against the government 554
The Pensions Regulator to issue penalties for poor reporting 554
Potential four percent uplift to state pension from April 2020 555
HMRC Countdown Bulletin: October 2019 556
Recognised overseas pension schemes notification list 556
Pensions Ombudsman plan to launch online complaints portal 557
NEST Insight report into assisting the self-employed with pension savings 557
HMRC publish helpful information surrounding who pays the pensions annual allowance tax charge 558
DWP consultation concerning the General Levy on Occupational and Personal Pension Schemes 558
Pension expert advises that the State Pension age must increase 559
Surgeons advised to cut overtime due to potential effect on pensions 560
Calls for government to top up pension pots of women who care for children or the elderly 560
Guidance on moving pension holders between payrolls issued by HMRC 560
Recognised overseas pension schemes notification list 561
Pension schemes newsletter 114 – October 2019 562

The Pensions Regulator releases findings from its latest ScamSmart campaign 563
PLSA pension proposals for next government....563
Former Pensions Minister urges new government to change the way pensions are accessed 564
Survey reveals that pension tax is too complex for three-quarters of firms 564
Former charity head pleads guilty to count of defrauding disability charity pension scheme 565
Research reveals that over half of young workers do not know if they have a pension or not....565
Pensions Ombudsman to revisit pension case on High Court's instruction 566
SKL Recruitment charged for false claims relating to auto-enrolment 566
Recognised overseas pension schemes notification list....567
Men over 50 more likely to have a private pension than women within the same age range 568
Children's nursery fined £8,200 for non-compliance with automatic-enrolment legislation....568
Pension Schemes Newsletter 115 – November 2019 569
Ombudsman confirms DWP "not open and accountable" about GMP....569
Individuals failing to report correct pension information on tax returns could receive large tax bills 570
The Pensions Regulator's director of Auto-Enrolment due to step down in 2020....571
Pensions net pay anomaly: an introduction 571
Recognised overseas pension schemes notification list....572
Temporary pension arrangement for NHS staff 573
The Pensions Regulator only recovers 30% of penalties 574
New trend sees grandparents accessing pension funds to help children and grandchildren buy homes 574
Recognised Overseas Pensions Schemes notification list 575
Recruitment agency must pay £10,890 for false claims surrounding auto-enrolment....576
Campaigners urge government to act quickly on pensions injustice pledge....577
An increase to the Pensions Protection Funds levy for large employers expected in 2021....578
Guy Opperman to remain as minister for pensions and financial inclusion....578
Recognised overseas pension schemes notification list....579
£37 billion in pension funds currently unclaimed 580
Pensions Bill revisited by parliament 580
Latest Countdown Bulletin published....581
New pension tax rules could be implemented by the start of the new tax year 581
Recognised overseas pension schemes notification list....582
Managing Pension Schemes service newsletter – January 2020....583
The Money and Pensions Service launches its UK Strategy for Financial Wellbeing....583
The state pension age a bone of contention for Irish political parties 585
The Department for Work & Pensions releases guidance relating to the State Pension for individuals living in the EEA or Switzerland post-Brexit....586
TPR orders the FCA to pay £2,000 for pension scheme failures....586
Pension schemes newsletter 116 587
Caroline Siarkiewicz appointed as permanent chief executive of The Money and Pensions Service (MaPS)..588
The House of Lords critical of lack of detail within the Pension Schemes Bill....588
£2.23 billion in pension withdrawals made in last quarter of 2019 589
Scottish health secretary urges Chancellor to fix the pensions tapered annual allowance issue....590
Financial Conduct Authority gives concessions to new pension rules 590
Phase Two of development for Managing Pensions Schemes service 591
Recognised overseas pension schemes notification list 591
Guy Opperman reappointed as Pensions Minister 593
Recognised overseas pension schemes notification list....593
Third accountant to be prosecuted by the Pensions Regulator for lying 594
Recognised overseas pension schemes notification list....594
Pension schemes newsletter 117 595
Record high numbers of workplace pension members in 2019 596
Company director ordered to pay £12,800 by The Pensions Regulator for failure to provide information 596
Pensions overhaul expected at budget....597
HMRC issues further gudiance on the pension changes announced at Budget 597
The Pension Regulator allows defined benefit schemes to delay transfers by up to three months 598
Pensions Dashboard....600
Pensions dashboard back on track....600
20 major providers discuss taking the Pensions Dashboard forward 600
Green light for Pensions Dashboards in 2019 601
Money and Pensions Service appoints principle to drive Pensions Dashboard forward....602
Get involved with the Pensions Dashboards Working Groups....602
Pensions dashboard steering group announced 603
New research reveals widespread acceptance of government-backed pensions dashboards....603

Pensions Dashboards unlikely to be delivered this year....604
Tax Agents and Advisers 605
HMRC publish Agent Update 70....605
The role of agents in supporting small and mid-sized businesses....605
HMRC Agent Update 71....605
Income Tax losses toolkits for Agents....606
Agent Toolkits Refresh Programme 2019....606
Webinar help and support for tax agents and advisers....607
HMRC publish Agent Update 72....608
Talking Points for Tax Agents....608
HMRC webinar on disguised remuneration and the loan charge....609
Agent Toolkit Annual Refresh....610
HMRC Talking Points....610
HMRC publish Agent Update 73....611
HMRC publishes Agent Update – Brexit Edition....612
HMRC publish Agent Update 74....612
HMRC publish Agent Update 75....613
HMRC publish Agent Update 76....614
Tax Avoidance & Evasion..... 616
Tackling tax avoidance, evasion and other forms of non-compliance....616
Published details of deliberate tax defaulters....616
HMRC wins £40 million battle against tax avoidance promoters....617
The 2019 loan charge comes into effect on Friday 5 April....617
Managed service company legislation (Spotlight 32)....618
Tax avoidance using loans or fiduciary receipts....619
HMRC webinar on disguised remuneration and the loan charge....620
General Anti-Abuse Rule (GAAR) amendments....620
Draft regulations: implementation of disclosable arrangements....621
Tax avoidance using capital advances, joint and mutual share ownership agreements....621
Disguised remuneration: Independent loan charge review....622
Car park boss must repay HMRC almost £300,000 or face another three years behind bars....623
HMRC to deploy more resources to tackle tax avoidance....623
Loan charge review will only be reported to new government....624
HMRC publishes draft legislation to implement the changes to the loan charge....624
Five arrests made in relation to suspected loan charge fraud....625
Returning NHS workers targeted by tax avoidance promoters (Spotlight 54)....626

Apprenticeships

Transferring apprenticeship service funds to another employer

21 June 2018

Since 6 April 2017, employers with a pay bill over £3 million each year have been liable to pay the apprenticeship levy to HMRC through the PAYE process. Levy-paying employers can then create an account on the apprenticeship service in order to spend levy funds on apprenticeships, manage their apprentices and manage payments to training providers. If you're a levy-paying employer, make sure you have registered for an account and are making the most of your levy funds.

If an employer who pays the apprenticeship levy does not plan to use all of the funds in their apprenticeship service account, they can now make a transfer to another employer to support them in taking on apprentices.

Transfers is the first big flexibility HMRC is offering to employers to help make apprenticeships work better for everyone, enabling larger employers to support other employers, for instance in their supply chain, sector or local area.

For the first phase, employers who have unused funds in their apprenticeship account will be able to transfer some of those funds to one other employer and that employer does not have to be a levy paying employer. The restriction to one transfer is temporary to enable testing of the new functionality. After user feedback from the first phase, the number of employers that one employer can transfer funds to will increase, over time.

The Education and Skills Funding Agency (ESFA) blog has published a useful 7 point list to help employers prepare for transfers on the apprenticeship service:

1. Look at your transfer allowance
2. Consider the total costs of any apprenticeships you would like to support
3. Find a receiving employer
4. Have detailed conversations with your receiving employer
5. Read the funding rules
6. Review and sign the new employer agreement
7. Agree the details and set up the transfer on the apprenticeship service

Read the full blog to see the details to consider under each of the 7 points.

Further information
Is your organisation using the apprenticeship levy to its full potential for training your workforce? Watch these short videos to understand how to use the apprenticeship service.

You can keep up to date by following @ESFAdigital on Twitter and reading the ESFA blog.

If you have any queries about the apprenticeship service, you can call 08000 150 600 or email helpdesk@manage-apprenticeships.service.gov.uk.

Back to ***Contents***

Allocating your Apprenticeship Levy allowance

8 August 2018

Guidance on how to allocate your apprenticeship levy allowance has been updated.

How to allocate your allowance
Your Apprenticeship Levy allowance of £15,000 can be allocated between:

- all your PAYE schemes

- your connected companies or charities

You can decide how to split the allowance between your PAYE schemes or with your connected companies or charities. You'll need to report how you've allocated your allowance the first time you have to pay Apprenticeship Levy.

You cannot change your share of the allowance during the tax year.

You must continue to apply the levy allowance that was allocated at the beginning of the tax year if, part way through the year:

- you become a connected employer (such as by merging with or acquiring another company)
- the structure of your group of connected companies or connected charities changes (such as by demerging with another company)

You can decide how you allocate your levy allowance across your connected companies or charities at the start of the next tax year.

Where the allowance has been allocated across connected companies or charities you cannot change the allocation of the allowance at the end of the tax year.

If you are an employer with multiple PAYE schemes and you do not use your full Apprenticeship Levy allowance during the year, you can change the allocation at the end of the tax year, to offset any unused allowance against another of your schemes.

Public bodies each get a full Apprenticeship Levy allowance as they are not considered to be connected companies. NHS trusts and other health service bodies (such as Scottish Health Boards, Welsh Local Health Boards or Irish Health and Social Care Trusts) are considered to be companies and therefore have to follow the connected companies rules. Public bodies which are charities must follow the rules for connected charities

All guidance relating to 'Pay Apprenticeship Levy' can be found on GOV.UK.

Back to ***Contents***

Apprenticeship service - delay to roll out for all employers

14 August 2018

The Education and Skills Funding Agency has announced that there will be a delay to the 'access for all employers' to use the apprenticeship service to access funding.

The Education and Skills Funding Agency (ESFA) had planned that all employers would be able to use the apprenticeship service to access apprenticeship funding from April 2019.

The ESFA's aim is for all employers to take more ownership of their apprenticeships and access the full range of high quality training provision on offer and believe that the best way to do this is through the apprenticeship service.

However having listened to feedback about the scale and pace of the apprenticeship reforms that have been introduced since May 2017, the ESFA want to make sure that future changes are introduced in a gradual, well-managed way.

The ESFA has announced that it will extend current contracts for training providers delivering training for employers that do not pay the apprenticeship levy for 12 months, from April 2019 to March 2020. The Agency has said that over the summer, it will work closely with employers and training providers to plan what a gradual transition should look like.

Further details have been promised in the autumn, including what this will mean for providers with existing contracts and plans to develop the apprenticeship service for all employers.

Back to ***Contents***

Chancellor announces change to apprenticeship levy

2 October 2018

At the Conservative Party Conference Philip Hammond announced that large employers will be able to transfer up to 25% of their apprenticeship levy funds to businesses in their supply chain from April next year.

The Chancellor is reported to have said:

"We have heard the concerns about how the apprenticeship levy is working, so today we've set out a series of measures to allow firms more flexibility in how the levy is spent. But we know that we may need to do more to ensure that the levy supports the development of the skilled workforce our economy needs. So, in addition to these new flexibilities, we will engage with business on our plans for the long-term operation of the levy, working hand-in-hand with employers to ensure that every young person can fulfil their potential and achieve their dreams."

Increased flexibility was announced earlier in the year in that if an employer who pays the apprenticeship levy does not plan to use all of the funds in their apprenticeship service account, they can make a transfer to another employer to support them in taking on apprentices. Transfers is the first big flexibility HMRC is offering to employers to help make apprenticeships work better for everyone.

CIPP comment
The levy system has received criticism that it is too complex for smaller businesses to navigate, and not flexible enough as it cannot be used to pay trainees' travel and accommodation costs. Some companies have labelled the levy as a tax and with the amount of red tape it involves, many businesses just write off the cost, negating the real purpose of the levy.

It will be interesting to see just what is published by government after the Conservative Party Conference as to the detail within the supposed 'review'. We shall watch developments closely and keep you informed.

Back to ***Contents***

Feedback from employers introduced into apprenticeship service

16 January 2019

Since September 2018 employers using the apprenticeship service have been able to leave feedback about their experiences of working with their training providers.

The feedback received to date is available on Find apprenticeship training or when searching for a specific training provider in the provider search pages. With each round of employer invitations and reviews received, the Education and Skills Funding Agency (EFSA) will build a bigger and better picture of the training providers delivering apprenticeship training.

In future, the plan is to make this feedback one of the key metrics in all searches made on the Find apprenticeship training, enabling employers to filter their search results and helping them choose training providers that best suit their business needs.

For more information about the new feedback feature, read the Education and Skills Funding Agency (EFSA) Digital Blog.

Back to ***Contents***

Apprenticeship funding in England

24 May 2019

The apprenticeship funding policy was introduced as part of reforms to apprenticeships in May 2017. From April 2019, some further changes to the policy came into effect.

The Apprenticeships technical funding guide for April 2019 to March 2020 explains how funding will work for apprenticeship frameworks and standards starting on or after 1 April 2019, including how provider payments will be calculated.

For all starts before 1 April 2019 refer to version 4 of the Apprenticeships technical funding guide for starts from May 2017.

'First in first out' - expiry of funds
Funds sitting within the account will expire 24 months after they first appear and as May 2017 was the first month in which funds began to appear into apprenticeship service accounts as from May 2019, we will see those first funds begin to expire.

Read more from Samantha Mann, senior policy and research officer at the CIPP, who explores who is affected by the levy and outlines the latest measures introduced by the government to stimulate interest in the programme.

Apprenticeship levy missing the mark (originally written for Accounting Web)

Back to ***Contents***

Calls to simplify the Apprenticeship Levy

5 September 2019

The Institute of Chartered Accountants in England and Wales (ICAEW) has called for a more flexible Apprenticeship Levy to benefit school leavers.

The Institute says that UK SMEs are in danger of missing out on young talent if the levy is not reformed.

The government introduced the apprenticeship levy in 2017 to help fund the development and delivery of apprenticeships, with the aim of improving the quality and quantity of those available.
Employers with a paybill of more than £3 million are required to pay the levy which is calculated at 0.5% of the employer's paybill. All employers get a £15,000 allowance to offset against the amount they have to pay. Companies with a lesser pay bill do not have to pay the levy but can still claim apprentice funding.

According to ICAEW, the benefits for non-levy paying employers are particularly enticing, with the government committing to paying 95% of its apprenticeship training costs, but the complexities in accessing the funds are putting SMEs off applying.

Iain Wright, director for business and industrial strategy, ICAEW said:

"In our interactions with businesses up and down the country, we find SMEs more and more reluctant to run their own apprenticeship schemes due to the complexity of accessing levy funds and the lack of flexibility built into the scheme.

The SME sector has traditionally been a big recruiter of 16-18 year olds for apprenticeships, so this is a concerning development which could mean that talented young people are unable to access the skills and training they need to prosper in the workplace."

A recent report from the Association of Employment and Learning Providers found that nearly one in four (24%) apprenticeship training providers had to turn away a prospective SME employer of apprentices over a lack of funding.

Can apprenticeships bring about greater diversity? *Read more from ICAEW*

Back to ***Contents***

Further reform urgently needed for effective Apprenticeship Levy says CBI

27 September 2019

The CBI is asking the Government to do as it has previously promised and urgently consult businesses about the Apprenticeship Levy's future.

According to a new Confederation of British Industry (CBI) report, 'Learning on the job: Improving the Apprenticeship Levy', urgent steps must be taken by Government to reform the Apprenticeship Levy in England, so firms can offer more of the high-quality training they need to succeed.

The CBI says that firms have welcomed recent Government efforts to evolve the Apprenticeship Levy and employers invest over £44 billion a year in skills training and are passionate supporters of apprenticeships. However, two years on from the system's introduction, the overall number of apprenticeships starts remains significantly low. With growing financial pressure raising questions about the sustainability of the Apprenticeship Levy, the Government must now urgently launch its promised public consultation on Levy plans after 2020 – which is only three months away.

CBI recommendations for reform include:

Increase transparency around Levy receipts and expenditure
Enabling firms to better understand how the Levy system is working, what's being funded by the Government and how their contributions are being spent

Make the Levy system more user-friendly
Engage smaller firms with practical, online support and locally-led 'matching services' which allow large firms to pass on unused funds

Creating a sustainable financial plan for the Levy budget
Introduce a £100 million annual Government top-up to the Levy budget – so that Levy payers and SME non-Levy payers can continue using the scheme to spend on apprentices of all ages and skill levels

Opening up conversations about the future of the Levy
Government should urgently fulfil its commitment to publicly consult on options after 2020 - including broadening the Apprenticeship Levy into a 'Flexible Skills Levy', which would cover a wider range of high-quality, relevant training.

Back to ***Contents***

Research suggests apprenticeship levy rules need to be adjusted

4 November 2019

Research suggests that current apprenticeship levy rules will lead to a decrease in apprenticeships in SMEs.

The Learning and Work Institute has published a report that has resulted in the warning that current apprenticeship levy policies could potentially result in a reduction in the number of apprenticeships that are offered by Small and Medium Enterprises (SMEs).

The research points out that, since the introduction of the Apprenticeship Levy in 2017, the number of apprenticeship starts have fallen by a substantial 20%. There has been a growing trend for enrolling older and pre-established staff on higher level courses, which are more costly. This could mean that the apprenticeship budget is in deficit very soon, which, could, in turn, have a detrimental effect on the funding provided to smaller organisations, who are not eligible to pay the Apprenticeship Levy. There are fears that the funds available for those who do not pay the Levy will be restricted as a result of a growing deficit within the budget.

The Learning and Work Institute states that the potential effect could be the loss of 75,000 apprenticeships at SMEs. The initial assumption on which the Apprenticeship Levy was founded was that the larger organisations would not utilise their whole levy fund, so the remainder would be available for SMEs who did not pay the levy. This presumption was unfortunately incorrect, with larger organisations opting to use higher proportions of the funds available to them, and investing in the higher level, more expensive courses for their staff.

In order to address this issue and attempt to stop a reduction in the number of apprenticeships offered by SMEs, the Institute has offered the following recommendations:

- Investing an additional £150m per year for apprenticeships at SMEs;
- Funding apprenticeships for 16 – 18-year olds from the education budget, rather than the apprenticeship levy, requiring an additional £400m per year;
- Requiring employers or individuals to provide top-up funding for higher and degree level apprenticeships for workers aged 25 and over. This would require employers to provide 50% of the cost of apprenticeships at level 4 and 5, and 75% of apprenticeships at level 6 and 7 for this age group, from outside of their levy funds. This would reduce levy spending by around £318m per year.

Back to ***Contents***

GNS messages surrounding apprenticeship levy and employer allowance

4 November 2019

In the October Employer Bulletin HMRC advised that Generic Notification Service (GNS) messages will be circulated to employers as a reminder to review any claims that they are making in relation to either the apprenticeship levy or the employer allowance, or in some circumstances, both.

The Bulletin included guidance relating to the eligibility rules surrounding both the apprenticeship levy and the employer allowance. This was prompted by the fact that there have been numerous claims submitted to HMRC that have been incorrect.

As a result of this, some of the GNS messages that are sent will simply be prompts aimed to increase awareness and to remind employers to assess their eligibility internally. The messages will not necessarily be sent to advise that something has been submitted incorrectly or that there are any issues, so if a business receives a GNS message relating to either of the allowances, it is not cause to worry.

HMRC has also confirmed that in the future, there will be increased circulation of GNS messages for educational purposes, to assist payroll departments in relation to correct payroll processing and real time submissions. The advice is to check the GNS messages regularly as they are important and play a vital role in allowing HMRC to communicate with employers.

There is further guidance surrounding both the apprenticeship levy and the employment allowance online and businesses are encouraged to review this information and ensure they are acting in accordance with the rules.

> ***CIPP comment***
>
> *In the CIPP Policy Hub area, accessible to members, a webcast surrounding changes to employment allowance from April 2020 is available to view. Presented by the CIPP's Diana Bruce, it provides updates that are essential for employers and payrollers to familiarise themselves with prior to the turn of the next tax year.*

Back to ***Contents***

Nearly half of businesses are yet to utilise their apprenticeship levy pot

12 December 2019

A new survey has found that almost half of organisations who must contribute to the apprenticeship levy pot, because they pay over £3 million in wages each year to their staff, have not yet accessed those funds to spend on the training and development of their employees.

510 businesses were approached by Grant Thornton, an accountancy firm, and 45% of them revealed that they had not yet utilised the apprenticeship levy pot that they are entitled to. The responses to other questions that were asked

provide an insight into why, as 27% of respondents questioned how beneficial an apprentice would be to their organisation, viewing the levy as a tax rather than as an incentive to train their staff.

Where an employer's wage bill exceeds £3 million per year, they are required to pay the equivalent of 0.5% of their annual pay bill into the apprenticeship levy pot. These funds can then be invested into the training and development of staff. If the money isn't spent after two years, or 24 months, then the organisation will forfeit the funds and the money will be offered to smaller businesses to help with the training and development of their staff.

People Management spoke to the Managing director of City & Guilds group, Kirstie Donnelly, who was not surprised by the findings of the research, and she commented:

"Post-election, the new government should apply more 'carrot' and less 'stick' and give greater flexibility to employers in the apprenticeship system, allowing them to exercise choice – within a clear set of parameters – in how they spend the levy."

She also addressed the fact that City & Guilds research highlighted the fact that 95% of levy-paying employers did not use their whole allowance in the first year, which shows that the latest research demonstrates a continuing trend. There have been worries that the levy funding is being used to train employees who are already well established, with extensive knowledge in their fields, and not on assisting with those who need more junior level training. This was not the intention when the apprenticeship levy was originally introduced.

It is also of note that the funds within the apprenticeship levy pot are currently running low because smaller businesses now have the option to access the funds forfeited from larger organisations who did not utilise their allowance. Ahead of the general election on 12 December 2019, the Conservatives, Labour and the Liberal Democrats have pledged to review and amend the apprenticeship levy considering the concerns around how it is being used.

Back to ***Contents***

Apprenticeship levy is being spent on 'false apprenticeships', according to thinktank report

6 January 2020

A report published by EDSK, an independent thinktank, has suggested that half of apprenticeship courses that have started since the introduction of the levy back in April 2017 are 'fake'.

Up to £1.2 billion has been spent by employers and universities who are "inappropriately labelling" training courses as apprenticeships in order to gain access to the funds of the levy "when they are nothing of the sort". Tom Richmond, director of EDSK, said:

"Instead of supporting the government's efforts to improve technical education for young people, the evidence shows that some employers and universities are abusing the levy by rebadging existing training courses and degrees as 'apprenticeships' for their own financial gain."

He also commented that the apprenticeship levy had become a "farce".

The report, written by Mr. Richmond, identified three different types of 'fake apprenticeship.' It suggested that £235 million of levy funding had been spent on what it deemed as low-skilled and generic roles which did not require training, such as working in a shop, serving behind a bar or playing football. A further £551 million was spent on management training and professional development courses, e.g. retail management. The third category related to bachelor's degrees and master's level programmes and therefore would be classed as advanced and involve highly technical training - they would be worlds apart from the junior and entry level courses that the levy was intended to fund. There was no concrete spending figure provided for the third type of 'fake apprenticeship' included in the report.

The study also found that the most frequent use of apprenticeship funding was for "team leader / supervisor" training, which accounted for nearly one in ten of apprenticeships. This suggests, again, that a substantial number of courses are being aimed at more experienced staff and alludes to the notion that the levy is not being utilised correctly. Statistics show that since the levy's introduction, the proportion of younger people embarking on apprenticeships has reduced, particularly at entry-level, but conversely, there has been a rise in the number of existing adult employees who have been labelled as apprentices since April 2017.

The main observation of the report is that the levy is not being spent to enable younger or more inexperienced individuals to progress within the working world but that it is being used to fund training that would have happened with or without public funding and that needed to take place regardless, or that it is being used to enhance skills of more senior staff members.

Back to ***Contents***

New CIPP Quickpoll: the use of the apprenticeship levy

31 January 2020

The CIPP has launched a new Quickpoll relating to how companies have made use of apprenticeship levy funds if they pay into the levy. This is in light of research that highlighted how employers have lost £133 million of apprenticeship levy funds as they have not utilised them within the 24-month period granted prior to the funds expiring.

If you could take a minute out of your busy schedule, as we appreciate that payroll professionals are constantly striving to hit deadlines, to answer the poll then we would really appreciate it. The more responses we receive, the more comprehensive insight we will receive into the workings of the apprenticeship levy, which, in turn, means that we can gain a better understanding of how it could potentially be improved, and further tailored education rolled out to businesses.

Education and training company, Learning Curve Group, published a report that illustrates that there are many misinterpretations of the word 'apprentice', and that many businesses believe that the levy can only be used in scenarios that involve training new entrants to the company. The research also shows that employers aren't against the levy at all, rather that they do not understand it or how best to use it and / or that they feel that the system does not provide the training its staff requires.

To investigate the reasons behind why companies are not using the levy, Learning Curve Group surveyed CIPD members from over 600 businesses to find out if they were utilising the levy, and in situations where they weren't, why this was the case.

A summary of the findings is as per below:

- 59% listed the requirement for off-the-job training as a reason for not utilising the levy, as they simply could not afford to lose a member of staff for the equivalent of one working day a week
- 41% of responses commented on the complexity of the system and how this deterred them from using levy funds
- 28% confirmed that their staff weren't interested in engaging with apprenticeships
- 24% stated that the apprenticeship programmes on offer were simply not relevant to their workforce
- 23% of respondents were concerned about eligibility criteria
-

The apprenticeship levy was introduced back in 2017 to try and boost numbers of people earning while learning and to provide a different option for getting into work that did not involve the traditional university route. Companies that have an annual pay bill of three million pounds or more are required to make monthly deposits of 0.5% of their annual pay bill into the apprenticeship levy pot. They then have a rolling 24-month deadline in which to spend it, and once this period elapses, the unused funds are available to SMEs that do not pay the levy but who wish to train apprentices.

Back to ***Contents***

Insight into how companies utilise the Apprenticeship Levy

7 February 2020

National Apprenticeship Week 2020 has been underway since 3 February and will run until 9 February. To celebrate this, the CIPP hosted a Quick Poll online to gain an insight into how companies have been utilising the Apprenticeship Levy, or if they have even used it at all!

The question below was posted on News Online for a duration of two weeks and attracted 119 responses. The breakdown of those responses is laid out below.

If you pay the Apprenticeship Levy, do you make use of the levy funds?

- No - we don't use in any way: 48 (40%)
- Yes – adapted existing apprentice programme: 34 (29%)
- Yes - designed a new cross organisation programme: 20 (17%)
- Yes - access funds through the supply chain: 5 (4%)

For employers who don't pay the levy, there was also the option of

- Yes - access funds from a levy paying employer: 12 (10%)

The most frequently selected response was that which confirmed that Levy fee paying companies do not use the funds in the Levy in any way.

This reinforces research carried out by the Learning Curve Group, which the CIPP reported on earlier this week. The initial research highlighted that there were many misconceptions around what the word 'apprentice' means with companies frequently misunderstanding that the levy could only be used for entry level training for new entrants to the business.

It seems that there needs to be further education rolled out to discuss what can and can't be paid for using the funds in the Levy, and the CIPP will endeavour to assist in communicating the message to ensure that companies are aware of this.

Back to ***Contents***

CIPP Policy & Research

Flexible SSP – what did you say?

8 May 2018

Thank you to all those who took the time to respond to our survey on the government's plans to introduce a more flexible system of statutory sick pay.

The government pledged there would be a consultation in their response to the 2016 green paper *'Improving Lives - The Future of Work, Health and Disability'*.

Government said they "*want to see a reformed SSP system which supports more flexible working … to help support phased returns to work including spacing out working days during a return to work, managing a long-term health condition, or recovering from illness."*

Government also pledged to:

- Improve and better publicise existing guidance on SSP eligibility to ensure that employers and employees each understand their rights and responsibilities; and
- Consider Matthew Taylor's recommendations about SSP eligibility and the way entitlement is accrued and about sickness absence management.

We published a survey at the end of March which ran for a month, to try and gather some early thoughts and opinions together with case studies in advance of the consultation promised later in the year. To follow is a summary of our findings through the responses from our members and the wider payroll profession.

- There was a range in numbers on the payroll from respondents but the majority were between 250 and 9,999.
- 89% offer both SSP and OSP schemes with differing options depending on their terms and conditions.
- 87% offer an initial return to work on altered hours (phased return) after a period of sickness. 77% of which said that each case is looked at on an individual basis, and that they have no set time scale for employees to be off before the phased return is offered.
- With regards to how employers pay their staff on a return to work after a period of sickness on altered hours, 49% only pay for the hours worked, whereas it was almost evenly split where some employers pay full pay regardless of hours worked and the others pay for hours worked, topped up with OSP or SSP.
- We asked what respondents thought they would need to do, or to adapt their payroll systems and processes to accommodate employees returning to work on altered hours and paid a mixture of OSP & SSP. Responses were that software would need to be adapted/updated, if the change was to legislation then staff would need to be educated and more manual intervention would be required.
  Some respondents did say that they felt little or no change would be required.
- We asked how long it would take to implement these changes and the answers varied as it would depend on who and what it affects. If legislation was changed then this would a decent lead time for software developers, then there is the implementation, training, educating etc.
- The cost of these changes is varied or not applicable. It may be that some of the respondents may not be involved in the 'cost implications' of the business so would be unable to answer and also what the changes will actually be is difficult to say at this stage.
- We also asked what the overall cost of sickness management change would be if flexible returns were offered. The majority stated that they offer this service in some form already, others believe it will not affect the cost and only a minority felt it would be expensive.
- From additional comments to the survey, it would seem that the way forward is a total rethink of the SSP system and that the waiting days should be abolished.

CIPP comment
We have passed on the full results of our survey to the Department for Work and Pensions, who are leading on these reforms and we shall continue to work with them through to consultation and change, in whatever form that may be. We will most certainly be calling on you again for your expertise and opinions.

Back to ***Contents***

Off-Payroll Working in the Private Sector – CIPP/CIPD response

13 August 2018

The CIPP policy team together with the CIPD have submitted a joint response to HM Revenue & Customs and HM Treasury with the findings from their research into proposals that if developed will expand the reach of off-payroll working in to the private sector.

To inform and evidence our response to this consultation, we have:

Published two joint surveys to our members and to the wider HR and payroll profession which ran throughout July and were aimed at:

- HR and payroll practitioners
- HR and payroll contractors.

In addition to the surveys, the following face-to-face events were held to gather anecdotal evidence and views directly:

- CIPD together with IPSE held a workshop of HR/payroll and non-HR/payroll contractors to gain their insights about the off-payroll proposals; and
- CIPP together with representatives from HMRC held a roundtable to gather views of HR and payroll practitioners.

With thanks to all those who responded to our surveys and to those members who took part in these meetings.

Key findings from HR and payroll practitioners

- Over 69% of respondents currently employ the services of an individual/s via an intermediary such as a Personal Service Company
- 59% of respondents currently have limited or no responsibility for determining IR35 status and a further 64% have limited or no responsibility for making payments to contractors captured as a result of an IR35 determination
- 53% of respondents have little or no knowledge of the current rules of IR35 for contractors operating within the private and voluntary sectors
- 42% of respondents know a fair amount or know well about the impact and operation of IR35 within the public sector
- 79% of respondents don't believe they have the capacity, knowledge or resources to deliver the preferred option in the Private and Third sectors.
- Whilst 30% of respondents currently have yet to understand the impact that IR35 private sector reforms would have on them, 45% already know that they would need to expend resources to enlist the support of a third party organisation to assist in making an IR35 determination
- 91% of respondents believe that they will need some level of support from HMRC to determine status with only 9% believing that they would need no support at all from HMRC
- 69% of respondents will require written guidance and specialist knowledge from HMRC
- 55% of respondents believe that a phased delivery of any reform is necessary to ensure widespread awareness and understanding of the ultimate implications
- 82% of respondents have an expectation that contractor charges will increase and 86% have an expectation of increased 'employer costs' and workload (89%) as a result of reform (similar to that of the public sector) being rolled out to the Private and Third Sectors

Key findings from HR and payroll contractors

- 74% of contractor respondents who have used the Check Employment Status for Tax (CEST) tool believe it to be inaccurate
- 64% of contractor respondents anticipate needing professional advice as a result of any reform within the private and third sectors
- 69% of contractor respondents are not confident that their clients will have the capacity, knowledge or resources to be able to make a correct status determination
- 56% of contractor respondents plan to only seek contracts in the private and voluntary sectors in which the off-payroll rules do not apply
- 47% of contractor respondents believe that voluntary and charitable organisations will struggle to deliver IR35 reform with 44% believing that the Construction industry will also struggle significantly

Commenting on the joint response, Charles Cotton, senior CIPD adviser, performance and reward said:

"Based on what both payroll and HR practitioners and contractors have told us, the CIPD and CIPP strongly recommend that changes to the existing off-payroll working rules for engagements in the private sector will need to be implemented gradually to ensure that firms and the industry have enough time to amend their existing processes."

In full agreement of the need to phase any changes in gradually and in recognition of the range of employer size and complexity within the Private Sector, Samantha Mann, CIPP senior policy and research officer highlighted:

"If the 'preferred option' is chosen then HMRC will share significant resource challenges to deliver knowledgeable customer service across all service lines together with information and materials that recognise the differing needs of the increased IR35 customer base."

"Our findings also confirm that whilst the CEST tool is largely seen to be an improvement on its predecessor, before further reform is considered, thorough user evidence research together with a review of how CEST operates and ideally through public consultation, should be carried out so as to increase the number of reliable determinations"

The full consultation response can be found in the Policy hub under My CIPP on our website.

(This news can also be found under Intermediaries)

Back to ***Contents***

CIPP response to consultation on Ethnicity Pay Reporting

14 January 2019

The CIPP has submitted to government its formal response to the consultation on Ethnicity Pay Reporting.

Background
In her February 2017 report, Race in the Workplace, Baroness McGregor-Smith recommended that the government should legislate to introduce mandatory reporting of ethnicity data. At the time, the government said that the case had been made for ethnicity reporting and it expected businesses to do this voluntarily. The government asked Business in the Community (BITC) to assess what steps employers have taken to haul down workplace barriers and harness the talent of a diverse workforce – they found that barriers persist in the workplace.

Only a small number of employers had chosen to publish ethnicity pay data voluntarily, so in October 2018 the government published a consultation on ethnicity pay reporting (alongside a Race in the Workplace Charter) asking how a new mandatory reporting requirement should operate.

The government invited views on mirroring some or all elements of the gender pay gap regulations such as proposing the same threshold of 250 employees or above.

CIPP conclusion and recommendations
From an administrative burden perspective comparability with the methodology applied for gender pay gap would be preferred by our members. However, our members are pragmatic and recognise that this will not achieve the same results because of the different challenges presented by ethnicity classifications.

There must be value achieved through the efforts of the software developers, payroll and HR professionals and so we recognise different methodology will be required.

If government consider that the time is right to deliver another reporting obligation on employers, in the name of transparency, significant time and structured planning will be needed. Rushed delivery will not achieve accurate outcomes.

Lessons need to be learned from the roll out of gender pay gap reporting with government engaging in greater detail with all affected stakeholders as they continue to consult.

Employers pay processes vary in size and complexity enormously and with the added challenges for gathering accurate ethnicity data, as identified within the consultation paper, will add further layers of complexity.

We see this consultation as the start of a conversation and not the end of it and look forward to being involved in further discussions.

Read the full CIPP response to the consultation on ethnicity pay reporting.

All consultation responses are available in the Policy hub under My CIPP on our website.

Back to ***Contents***

CIPP webcast on tipping processes

5 February 2019

The CIPP policy team has produced a short webcast exploring typical payroll processes around tips, gratuities, cover and service charges and tronc systems and discusses the plan to legislate to ban employers from making unnecessary deductions from staff tips.

CIPP webcast on tipping processes

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

What priority does your business give to supporting work-related stress?

12 February 2019

According to the Health & Safety Executive (HSE) over 11 million days are lost at work a year because of stress at work and in 2015/16 over 480,000 people in the UK reported that work-related stress was making them ill. This amounts to nearly 40% of all work-related illness.

Acas talks about the reluctance many employees have to talk about stress at work. Despite what statistics show there is still a stigma attached to stress and people still think they will be seen as weak if they admit they are struggling.

Mental health is no longer the taboo subject it once was and can affect anyone at any level of an organisation. It is therefore important that an employer takes steps to tackle the work-related causes of stress in its organisation and encourages staff to seek help at the earliest opportunity if they begin to experience stress.

Reducing work-related stress can be hugely beneficial to an employer, it can:

- Make staff healthier and happier at work
- Improve performance and make staff more productive
- Reduce absence levels
- Reduce workplace disputes
- Make the organisation more attractive to job seekers.

The employer benefits are not the only reason to address work-related stress as an employer has a legal obligation to ensure the health, safety and welfare of its employees. As part of this, an employer must conduct risk assessments for work-related stress and take actions to prevent staff from experiencing a stress-related illness because of their work.

If you have fewer than five employees you don't have to write anything down, however it may be useful to do so in case circumstances change so you can review it later. If you have five or more employees, you are required by law to write the risk assessment down.

It isn't just the responsibility of the employer, there are many actions employees can take to reduce work-related stress, including:

- Reaching out - simply sharing the stress by talking about it to someone
- Support your health with exercise and nutrition – simple steps to increase energy and lift mood
- Quality sleep – don't skimp on sleep as the better rested you are, the better equipped you'll be to tackle your job responsibilities and cope with workplace stress.

The CIPP ran a quick poll at the beginning of the year asking what priority level your business, or the business you work for, gives to supporting work-related stress. Of the 453 responses we received there was a pretty even split over the answers given.

22% stated that their business gives no priority to supporting work-related stress and 25% said it gives low priority. With this accounting for almost half of respondents, employees certainly need to be taking action themselves. However, on a more positive note the highest number of respondents (27%) said that their business gives medium priority to supporting work-related stress and following close behind, 26% of businesses give high priority. It is encouraging to see that there are many businesses out there appreciating the benefit of supporting work-related stress but given the aforementioned number of lost working days, there is certainly more for us all to do.

Please do bear in mind that our polls are just a snapshot in time, a one question poll which does limit the responses and does not cater for follow up. However, results can help provide an indication of a trend in a certain area, or where there is further work to do around raising awareness on a particular issue, and also qualifying where further research may be required.

Back to ***Contents***

CIPP response to NMW consultation on salaried workers and salary sacrifice

6 March 2019

The CIPP has submitted its formal response to the National Minimum Wage consultation on salaried workers and salary sacrifice.

The CIPP policy and research team published a survey (with questions that mirror those asked within the consultation paper) that offered the opportunity for payroll professionals to provide their views on the questions asked within the consultation paper. The survey ran from January until 22 February 2019 and received 177 responses. Thank you to all those who took the time an effort to contribute.

CIPP and its members wish to acknowledge the value of National Minimum Wage (NMW) legislation which seeks to protect workers against the most egregious employers. We do not condone behaviour that intentionally seeks to avoid payment of the minimum wage and our response seeks to address improvements that can be made to NMW Regulations that enable the majority of employers, who strive to be good employers, to provide fair and decent work and working conditions that comply with legislation that is written to fit within modern pay operations and practices of the 21st Century.

Payroll professionals together with their software developers play an instrumental role in ensuring good levels of employer compliance with NMW Regulations and are the first to recognise the importance of well written legislation that represents modern working practices.

We are hopeful that this consultation marks the beginning of ongoing conversation as to how the NMW Regulations can be updated to achieve this essential aspiration.

Key Findings from the CIPP survey
All regular payment cycles should be allowed within the definition of salaried hours work to bring the operation of NMW in to line with other pay calculations e.g. PAYE income tax, Class 1 National Insurance Contributions and Automatic enrolment. This would benefit:

- workers within sectors who could then benefit from equalised payments made throughout the year and not be subject to hardship caused by seasonal ‘peaks and troughs’ of demand that affect availability of working hours,
- employers whose compliance would increase. Many employers are unaware of this divergence between NMW regulations and other pay/employment tax operation,
- government in its work to modernise the work place and enable employers with salaried workers to fully engage with flexible working in all its variations.

Overtime, pay premia and allowances should be more widely included as acceptable payments for NMW and thus should be allowed within annual salary calculations.

The calculation year should be set at the employer’s discretion.

Salary sacrifice should be allowed for all employees where they have free choice to enter in to such agreements. If not to bring pay below minimum wage then at least to allow non NMW pay to be counted first. We recognise that this poses further questions as to whether to broaden the range of benefits in kind (BIKs) that can be included within minimum wage calculations.

Comprehensive and consistent guidance also aids employer compliance. A failure by the employer to comply is also a failure of state to provide. Greater use should be made of case studies to demonstrate compliant and non-compliant employer behaviour.

There are a number of other restrictions found within NMW regulations that are not fit for purpose in the 21st Century and further consultation needs to explore these fully – the following short list is illustrative but not exhaustive:

- TOIL (Time off in Lieu),
- living accommodation rules – particularly the exclusion list for socially aware landlords,
- voluntary deductions.

Our full response to the consultation is available on our website in the 'Policy hub' which is under the 'My CIPP' tab.

Back to ***Contents***

CIPP webcast on Payrolling Benefits in Kind

11 March 2019

Diana Bruce, CIPP Senior Policy Liaison Officer provides a brief overview of the voluntary online payrolling of BiKs service and takes a look at some of the results of a survey currently running with HMRC on the biggest barriers that currently exist which prevent employers and their agents from electing to Payroll their Benefits in Kind.

CIPP webcast on Payrolling Benefits in Kind

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

The CIPP/HMRC survey closes on 15 March 2019. If you haven't already, please spare around ten minutes to provide your views and experiences.

Back to ***Contents***

CIPP webcast on tax year changes

2 April 2019

Take a ten-minute break and make sure you have all the tax year changes for payroll covered.

Diana Bruce, Senior Policy Liaison Officer, takes a few minutes to cover the payroll changes for the new tax year and signposts where to go if you need further information. Topics include:

- Automatic enrolment
- CEO pay ratio reporting
- Employment Allowance
- Expenses and benefits
- National Minimum Wage
- Payslips
- RTI reporting
- Student Loan deductions
- Scottish Income Tax
- Welsh Income Tax
- Rates and thresholds

CIPP webcast on 2019-20 tax year changes

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

How are payslips changing?

03 April 2019

10 years of results in one place - The CIPP has been conducting research into the long-term trends affecting payroll and payslips since 2008. The policy and research team would like to thank all those who responded, as we would not be able to undertake this research each year without the support and input from our members and the profession.

This annual research looks at the number of people being paid, the frequency with which they are paid, how the payslips are distributed as well as looking at the potential benefits brought about by the use of electronic payslips and the emergence of technology on the payroll profession.

The CIPP payslip statistics spans a period of great change both generally within the UK, including the economic recession and the vote to leave the EU; and more specifically within the payroll industry with the introduction of RTI and automatic enrolment into a workplace pension to name but two.

The report has identified some key findings:

- Monthly remains the most common frequency
- Friday continues to be the most common payday
- Over a third use payslips to deliver other information to employees
- More than 95% of respondents say they use some form of electronic methods for distributing payslips
- Plus much more…

We would also like to extend a massive thank you to Datagraphic for supporting this report.

Read the full report here

Back to ***Contents***

CIPP quick poll

7 May 2019

Please take a moment to complete our quick poll which asks for your experience when checking your 'PAYE for employers' section of the Business Tax Account.

The "PAYE for employers" section of the Business Tax Account shows your account both annually and month by month. On your payments history page you can see each individual payment recorded so you know HMRC has received it.

We are looking for feedback about the accuracy and reliability of the Business Tax Account/dashboard.

Please take a moment to help inform our research by answering our quick poll which is situated to the right of this, and every CIPP news item.

When checking your 'PAYE for employers' section of the Business Tax Account, do you find that:

- *Results are never accurate*
- *Results are sometimes accurate*
- *Accurate now I have established a regular pattern*
- *I have never checked*
- *I have given up checking*

We appreciate that it is just a yes or no answer so if you have any comments, we would love to hear them; please email us at policy.

Back to *Contents*

CIPP response to consultation on extending redundancy protection for women and new parents

8 April 2019

The CIPP has submitted its formal response to the Government's consultation on extending redundancy protection for women and new parents.

This consultation was published at the end of January and recommended that the current protection afforded under the Maternity and Paternity Leave etc Regulations 1999 (which apply to the period of maternity leave) be extended to cover the period of pregnancy and a period after, an extension of 6 months. This is a commitment that was made in the government's response to the Taylor Review, and had also previously been raised by the Women and Equalities Select Committee (WESC).

The consultation:

- set out the current legal protections for pregnancy and maternity;
- asked how an extension of redundancy protection into a period of "return to work" might best work;
- asked whether similar protection should be afforded to other groups;
- set out the steps that the Government is taking to increase business and employer awareness of their rights and obligations, and invites comments on how they might be improved, to tackle pregnancy discrimination more effectively in general;
- considered the existing approach to the enforcement of employment and equalities legislation in the context of recommendations from WESC and the Taylor Review; and
- discussed the tribunal time limit.

We received 22 responses to the survey we ran on this consultation.

Key findings from the survey
75% of respondents agreed or strongly agreed that protections against redundancy for a period following return to work should be aligned with those already in place during maternity leave. Some of the reasons cited were:

- experience of women being disadvantaged and unfairly selected for redundancy whilst on leave and in some cases a few months after they have returned to work.
- To protect women especially if they return on a part time basis.
- Protection should be in place, but it should not mean that a returnee from Maternity leave would be placed in a role that they could not do and would therefore have a negative effect on the company, rather than someone who is skilled in that role being offered it first.

When asking about the costs that an extension may bring, for the cost to businesses, responses included the possibility of losing the wrong people in a re-structure situation due to protections being in place. For the cost to individuals, responses included that additional responsibilities may be added to the role, and a higher risk of redundancy if not returning from Maternity leave due to being 'lower' in the order for possible re-structuring.

The consultation also asked about what benefits the extension may bring and responses for business benefits included: Retaining qualified/experienced staff; Diverse employers who look out for everyone's needs; Business would be able to better assess a person's skill once they are settled into the routine of their job, and therefore if the job is still required in a re-structure situation. Responses for individual benefits included: Women would be less exploited; May encourage more women to return to work; It would benefit from a wellbeing perspective; Gives the individual a settling in period; For those returning better job security, however for others none.

We asked in our survey if 6 months would be an adequate period of "return to work" for redundancy protection purposes or did respondents think a different period of "return to work" would work better. 75% said yes, 6 months was adequate, 25% disagreed. Comments included: It should be one year - some employers wait until the employee returns and then dismiss them on redundancy grounds within the 6 moths of returning; Gives return to work mothers settling in time akin to a probationary period length - this is a fair amount of time to make it affordable for employers (depending on the size of the employer); 6 months is more than adequate, gives them a further advantage over all employees who could be part of a redundancy situation; 3 months would be classed as adequate as they are protected from beginning of pregnancy to the end of maternity leave and this gives them up to 18 months of being out of scope for redundancy compared to their colleagues and could be deemed as advantageous for women.

The consultation asked should pregnancy for redundancy protection purposes be defined as starting at the point a woman informs her employer that she is pregnant in writing.

13% strongly agree, 13% agree, 37% disagree, 12 % strongly disagree and 25% remain neutral.

Following on from this question we asked if respondents felt that a different reference point should be used and if so, what it should be. Three quarters said yes, a different reference point should be used, comments included:

- 2-3 months prior to expected week of confinement.
- At the point the employee is leaving to start her maternity
- The woman could be unfairly dismissed before any other point if this is set after her formally informing her employers. One caveat would be if redundancy procedures had already begun.

The consultation also asked that if additional redundancy protection is extended to mothers returning to work after maternity leave, are there other forms of leave which should be considered also, citing as examples: adoption leave; shared parental leave and longer periods of parental leave. All respondents indicated that adoption leave should be considered, the majority thought shared parental leave should be considered and the last option received a half and half split between yes and no.

Our full response to the consultation is available on our website under My CIPP/Policy hub.

The CIPP policy team will continue to engage with The Department for Business, Energy and Industrial Strategy (BEIS) and stakeholders regarding the proposals in this consultation and will keep members and readers updated accordingly.

Back to ***Contents***

CIPP Survey: 2019 LPC annual review of the National Minimum Wage

23 April 2019

As they celebrate 20 years of the National Minimum Wage, the Low Pay Commission are currently carrying out their annual review which seeks views from the widest possible range of contributors.

To support the CIPP written response to the 2019 consultation the policy team have published a survey to collect views and opinions as to the:

- affordability of the National Living Wage (NLW) rate and effects of an increase to the 'on target' rate for April 2020 – currently around £8.67
- evidence of the impact of increases in the NLW since its introduction – including the April 2019 uprating – on workers, employers, the labour market and the economy
- evidence of how employers are seeking to improve productivity
- evidence on how the economic outlook is affected by the process of leaving the European Union.

The LPC in consideration of all other rates which impact workers under 25 and apprentices are also seeking evidence to make recommendations on their traditional basis which is *'helping raise the pay for as many low-paid workers as possible without damaging their employment prospects'*.

The survey will close on 24 May 2019.

Thank you in advance for your time.

CIPP comment
The CIPP policy team will be arranging a think tank roundtable which will be held in early June. Invitations will be issued to all CIPP Full, Fellow and Chartered members. To express your interest in attending this roundtable please contact Samantha Mann senior policy and research officer by email to policy@cipp.org.uk.

Back to ***Contents***

CIPP survey off-payroll working rules from April 2020

23 April 2019

The CIPP policy team have produced a survey to collect views about the proposed rules for operating off-payroll working as from April 2020.

The CIPP policy team have produced a survey to collect views about the proposed rules for operating off-payroll working as from April 2020, the survey responses together with anecdotal evidence provided at the Policy think tank roundtable will support the CIPP written response.

Background

The rules will apply to medium and large organisations in the private sector and any changes to the earlier reforms currently in operation within the public sector will also be updated so as to ensure consistency across sectors. Intermediaries legislation (commonly referred to as IR35) was introduced in 2000 as a method of subjecting the pay of individuals to PAYE Income Tax and Class 1 NIC who would, if not for the intermediary they were working through, be employees.

The responsibility for assessing each contract of work lay with the individual working through the intermediary. An Intermediary could be the Personal Service Company (PSC) of the individual delivering the work, but could also be, another person or a partnership – the key issue being that they would be an employee if they were not working through an intermediary.

In 2017, legislation in this space was introduced for individuals working via an intermediary for a public sector body which placed responsibility for assessing the contract of these workers on the fee payer. Referred to as off-payroll working, it was widely believed that this would also be extended to private sector engagements at some point.

Consultation

- Defining the scope of the reform
- Information requirements
- Determining the correct status
- Pension contributions
- Education and support

Whilst we have provided a small amount of information within each survey section we would strongly recommend that you read the consultation document or have it alongside you to refer to as you proceed through the survey.

HMRC have also published some early information to help affected organisations begin to prepare for change and one of the suggestions is to '*Put processes in place to determine if the off-payroll rules apply to future engagements. These might include who in your organisation should make a determination and how payments will be made to contractors within the off-payroll rules.*

We know from talking to our public sector members that good communications between affected departments is vital to the successful delivery of the reforms and you may find a combined response to this survey helpful as many of the questions address areas of responsibility that might not be relevant to your day to day operations.

Thank you in advance for your responses to this survey which will close on 17 May 2019.

CIPP comment

The policy team will be holding a think tank roundtable in Manchester in May, invitations will be sent to all full, fellow and chartered members. Please check your preferences to ensure that you are able to receive these notifications. To notify the team of your interest to attend please contact Samantha Mann, senior policy and research officer by email to policy@cipp.org.uk.

Back to ***Contents***

Electronic submission of contributions to pension providers

7 May 2019

Please take a moment to answer our quick survey on whether you electronically submit contributions to a pension provider, as part of your automatic enrolment responsibilities.

We are looking for some quick feedback on electronically submitting contributions to a pension provider.

And if you do not and conduct a manual process, why is this?.

Please take 2 minutes to help us with our research by completing our short survey. Thank you.

Back to ***Contents***

CIPP response to consultation on off-payroll working from 2020

30 May 2019

The CIPP has submitted its formal response to the latest stage of consultation on how best to implement the reform to the off-payroll working rules for engagements in the private sector from April 2020.

Our response aims to provide a summary of quantitative results taken from our survey that ran throughout April and May to gather responses from CIPP members and other payroll tax professionals to the consultation questions. We also held a think tank roundtable on 16 May 2019 and our response incorporates views and experiences shared by members in attendance.

CIPP response to consultation on Off-payroll working rules from April 2020

Consultation on Off-payroll working rules from April 2020

Back to *Contents*

CIPP webcast - off-payroll working in the private sector from April 2020

5 June 2019

Diana Bruce, CIPP Senior Policy Liaison Officer, covers key changes proposed in the latest consultation and looks at the practical application of the new rules for off-payroll working in the private sector from April 2020.

This webcast will also be useful for anyone in the public sector as any changes brought in for the private sector will apply equally to engagements in the public sector from April 2020.

The CIPP response to the latest consultation is referred to in the webcast; this can be accessed here or in the consultation area of the CIPP policy hub.

Back to *Contents*

Devolution: payroll legislation matrix

5 June 2019

UK policies continue to be devolved and the four nations have increasing legislative control over certain matters. To assist the payroll profession with this increasing complexity, the CIPP's 'Devolution: payroll legislation matrix' is available exclusively to CIPP members.

Devolution: payroll legislation matrix contains relevant payroll legislation as it relates individually to the four nations of the UK. The subjects are categorised where necessary and in alphabetical order.

It is intended to be a guide, not a definitive list and is a document that will keep changing as new regulations supersede existing ones.

The Devolution: payroll legislation matrix is a working document and members will appreciate that there can be a huge volume of legislation linked to any number of subjects. It would be surplus to the requirement to include them all so the key primary regulations are included with the most recent and relevant secondary legislation.

All links are up to date at the time of publication. The CIPP accepts no liability for errors or omissions.

The Devolution: payroll legislation matrix will be updated on a monthly basis when members will be alerted through *News Online* and directed to our Policy hub, where the Matrix will always be available.

If you have any comments or suggestions, please email the policy team directly.

Back to *Contents*

CIPP response: April 2020 National Minimum Wage rates

17 June 2019

55% of employers have revised their pay structures as a result of the introduction of the National Living Wage (NLW).

This is one of the key findings from our research to inform our response to the Low Pay Commission's (LPC) consultation on April 2020 National Minimum Wage rates.

Background
The LPC is the independent body that advises the Government on the level of the minimum wage. To assist with its remit to recommend in October of this year the NMW and NLW rates to apply from April 2020, it published a consultation in March 2019.

The current target for the National Living Wage will be met (subject to sustained economic growth) by April 2020. In the 2018 Budget, the Chancellor stated his intention to give the LPC a new remit beyond 2020 so the LPC also invited views in its consultation on how the existing target for the NLW has worked and on potential future arrangements.

CIPP response
In order to collect the views of members of the payroll profession, which includes both in-house professionals as well as professionals working in the out-sourced payroll service sector (which includes bureaux, accountants and book-

keepers), a survey ran throughout May and a Think Tank roundtable was held in Leeds in June, to which two representatives from the Commission met with a number of representatives from both the payroll and legal profession.

You can read the full CIPP response to the consultation on April 2020 National Minimum Wage rates, however in summary:

Key findings

- 55% of employers have revised their pay structures as a result of the introduction of the National Living Wage (NLW)
- 21 % of employers who offer a reward package to their employees have seen an impact to it as a result of the NLW
- 41% of employers believes that the LPC should not seek to meet the target rate of the NLW

Whilst it is fair to say that a large number of the respondents to the survey still pay significantly in excess of the minimum wage rates, and it has not so far impacted the number of staff employed, nor the number of hours worked by staff, a growing number are beginning to feel the impact, and are concerned about:

- the numbers of employees who are being paid at or near the minimum wage
- the decreasing pay differentials for roles requiring additional qualifications or authority
- the impact on employee relations as a result of the diminishing differentials and growing number of employees being paid at or near the minimum wage

Looking ahead to the remit of the Low Pay Commission we are aware of increasing calls on the commission to monitor and recommend more than simply rates of minimum wage, and we would ask that the LPC not seek to 'dilute' its skills. The LPC has worked extremely well – a fact demonstrated by its continued existence and the esteem in which it is held. We would ask that the LPC continue doing what it does best – bringing together employers, workers and academics in a bid to set the rate of and monitor the impact of the minimum wage.

Ending low pay is an ambitious aspiration by the Government but increasing the minimum wage is only one step needed – wider review of state policy is required which includes:

- the impact of taxes – which includes NICs
- the impact of workplace pension saving
- the working of Universal Credit and the effective flow of data between HMRC and DWP.

We would ask that if the two/thirds of median pay be a future aspiration for the NLW then it be given an equally lengthy period of roll out with the backing of an improved information programme for employers.

We are grateful that the Commission has championed our calls for greater transparency within compliance and enforcement however this hasn't yet come to fruition, indeed education material and guidance, other than in its simplest form, has yet to see any improvements.

We once again call for the creation of a cross departmental stakeholder forum that sees BEIS, HMRC, LPC and the Director of Labour Market Enforcement come together with interested stakeholders on a regular basis, to ensure the effective and informed delivery of minimum wage compliance.

Read the full CIPP response to the consultation on April 2020 National Minimum Wage rates, which includes the responses to our survey.

All consultation responses are available in the Policy hub under My CIPP on our website.

Back to *Contents*

Council tax pilot to recover debts direct from workers' wages

9 July 2019

A pilot scheme has been introduced which will use information sharing powers to recover unpaid council tax debt directly from earnings. The pilot will affect individuals in 29 different council areas in England.

CIPP comment
information sharing powers were introduced by the Digital Economy Act (2017) where disclosure of information is allowed to reduce debt owed to the public sector.

The government is seeking to help manage debts owed to the public sector more effectively. The Digital Economy Act creates a new gateway enabling information to be shared between specified persons, listed in a Schedule on the face of the Act, in relation to debt owed to public authorities or the Crown. This is with a view to improving efficiency in dealing with debt owed to the public sector, and using effective data-sharing to get a more informed view of a customer's individual circumstances and their ability to pay.

Each proposed data-sharing arrangement under this power will be subject to a pilot process which will be set out in a statutory code of practice to measure the effectiveness of the information-sharing.

Birmingham City Council is taking part in the trial working with HMRC to be among the first to use the debt information sharing powers introduced by the Digital Economy Act (2017).

During this trial non-paying customers who are employed or have an income will be contacted to start paying their arrears, or they will face having their debt deducted directly from their earnings through their employer.

Citizens Advice has responded to the scheme raising concerns that the council tax collection practices must not leave people with too little to live on.

Council tax arrears is the most common debt problem Citizens Advice helps people with. In 2018 its local services around England and Wales helped more than 96,000 people struggling to make their council tax payments.

The national charity estimates over £560 million in fees were added to people's council tax debt in 2016/17 alone. This includes £300 million of bailiff fees, some of which have to be paid by the person in debt before any council tax arrears can be recovered by the local authority.

Back to ***Contents***

Council tax pilot to recover debts direct from workers' wages

16 July 2019

Last week we published a news item relating to an announcement by the Financial Times about a pilot scheme affecting some local authorities in England which will use information sharing powers to recover unpaid council tax debt directly from earnings.

Given the limited information that was published by the Financial Times, we do not know what the mechanism for these deductions will be and what the process for notification will be, e.g. CTAEO or another type of notification.

We asked HMRC if they could provide any detail. What they did confirm is that a degree of coordination was provided by Cabinet Office and HMRC were involved to ensure data was shared and used legally. However, the pilot is not HMRC led. Local authorities have lines to take for queries and know not to direct anyone back to HMRC.

The CIPP are trying to find out further information from the Local Authorities involved and will update you as and when we can.

We appreciate not everyone will have been able to access the article from the Financial Times, so for information, below is the complete text:

*"**Councils look to take unpaid tax from debtors' wages** – FT, p3*

The government is considering allowing local authorities to deduct unpaid council tax debts directly from people's wages, in a move that could shore up councils' finances and reduce their reliance on bailiffs.

A trial scheme involving 4,000 people in arrears across 29 districts will begin on July 8, with Britain's tax authority providing councils with the debtors' employment information.

It comes after local authorities were criticised by MPs and debt charities for using bailiffs to collect council tax arrears from millions of homes.

Council executives say that if the programme is rolled out nationwide it will dramatically reduce the need to employ bailiffs, whose fees and charges can increase a missed council tax payment by more than 1,200 per cent, disproportionately affecting those on low incomes.

But some debt charities are concerned that, with many Britons sinking into arrears to pay household bills, income deductions to cover council tax debt will worsen the financial distress of those who were unable to pay.

"If the reason why people aren't paying is because of far wider financial problems, then it may actually worsen or exacerbate that situation," said Sue Anderson, a spokesman for Debt Charity Stepchange.

Local authorities are currently the biggest employers of bailiffs but their use has been criticised because of the high costs, as well as the aggressive tactics debt campaigners say some bailiffs use.

Grants to councils have fallen sharply since the implementation of the government's austerity programme in 2010, and local authorities have become increasingly reliant on council tax, with many unable to balance their books. A third of local authorities have said they will run out of money for statutory services by 2022.

Barrie Minney, chairman of the Local Authority Civil Enforcement Forum, which represents councils' debt enforcement teams, argued the new plan to take council tax debts out of people's earnings would help people on low incomes. "When we looked at the 4,000 debtors in the pilot project, we found that a good number of them are on low incomes or in gig economy jobs," he said. "Those are the people we never wanted to send the bailiffs round to."

Local authorities already have the legal power to deduct money from earnings, but until now they have been unable to access information about where debtors work. In the trial, this will be provided by HMRC.

Britain's lowest-income households were exempt from council tax until 2014, when the law changed to allow local authorities to levy a discounted rate on their poorest residents. This brought 1.4m households into the council tax net, but around a quarter of these new payers have fallen behind on their payments, according to the Institute for Fiscal Studies.

According to Citizens Advice, the average person who approaches the charity over problems with council tax payments has just £14 of monthly disposable income.

Barrie Strain, acting head of revenues at Coventry City Council, which is participating in the pilot project, said that his authority hoped it would now greatly reduce its reliance on bailiffs; at present it uses them on 12,000 cases a year. If the pilot became national practice, he said "it won't drive bailiffs out of business, but I hope it will reduce the amount of council business they get to deal with"

Back to ***Contents***

The Employment Allowance (Excluded Persons) Regulations 2019

17 July 2019

Further to the technical consultation published last month on reforming the eligibility rules for the Employment Allowance, the CIPP are holding a think tank on Friday 9 August to discuss the implications and guidance needed to deliver the regulations.

De minimis State Aid
As part of the restriction of eligibility for Employment Allowance (EA) from April 2020 (it will only be available to employers with a secondary NICs liability below £100K in the previous tax year), EA will be reclassified as State Aid.

Employers will need to ensure that any EA claimed does not take them over the State Aid limit for the sector in which they operate. The State Aid sectors are:

- Agriculture
- Fisheries and aquaculture
- Road haulage
- Other (industry)

It is unlikely that the payroll function will currently be involved to any extent (if at all) but we recommend that you talk to colleagues within your organisation who are responsible for accounting for government funding that constitutes de minimis State Aid. The think tank will provide members with an opportunity to share views and experiences of claiming and reconciling State Aid within your organisations.

Reporting
The draft regulations (The Employment Allowance (Excluded Persons) Regulations 2019), as written, will bring about significant reporting and administrative challenges to payroll processes for employers reporting via RTI who will continue to claim the Employment Allowance from April 2020. The sharing of your experience within the think tank will be invaluable to ensure that this proposal develops appropriately.

Employers will need to report the following details through RTI on the Employer Payment Summary (EPS):

- Employment Allowance Indicator (already present on the EPS)
- The State Aid sector in which they operate
- The amount of State Aid allocated in the current tax year, plus the amount of State Aid claimed in the previous two tax years. The value is to be expressed in Euros, using an exchange rate published by HMRC on 1 April

The declaration will no longer be able to be carried over – by virtue of the £100k secondary NICs exclusion level – this question will need to be considered and declared, each tax year.

Think Tank
As with previous think tank events the format will seek to provide the maximum opportunity for open and free-flowing discussion and debate with a focus on what is relevant and impactful to payroll processes and payroll software.

Invitations to the think will be distributed shortly to full, fellow and Chartered members. To secure your place, please email us by no later than noon on Monday 5 August 2019**.**

Invitations to the think will be distributed shortly to full, fellow and chartered members. To secure your place, please email us by no later than noon on Monday 5 August 2019**.**

Think tank lead:
Samantha Mann MAAT, MCIPP Dip. Senior policy and research officer, CIPP

Date and time:
Friday 9 August 2019 from 11:00 to 14:30

Host:
Armstrong Watson

Venue:
15 Victoria Place
Carlisle
Cumbria
CA1 1EW

Back to ***Contents***

Council tax pilot to recover debts direct from workers' wages

26 July 2019

We recently told you about a pilot scheme affecting some local authorities in England who are using information sharing powers to recover unpaid council tax debt directly from earnings.

Although we knew that this was a Cabinet Office pilot involving the sharing of HMRC data, detailed information has been scarce and there has been much industry speculation about the project and the implications it will have for payroll and payroll software providers.

Since our initial reports, representatives from the CIPP and ICAEW were invited to discuss this pilot with Cabinet Office representatives and we are now able to share details about the project.

The Digital Economy Act (2017) allows permissive data sharing between specified public authorities for the purpose of managing and reducing debt. Currently councils can only use data supplied by the resident to recover their debts. In this pilot, 29 councils are able to obtain HMRC employer and self-assessment data for a sample of residents who have not paid their council tax.

The pilot only affects people who have not paid their council tax for 2018-19 or earlier years and the council has obtained a Liability Order from the Magistrates Court. Each council in the pilot will supply HMRC with a title, forename, initial or middle name, surname, debt address or contact address for around 4,000 debtors to obtain employment and self-assessment information. HMRC will use the council supplied information and compare those details against their internal records. Where there is an exact match with the first name and surname and either debt or contact address, HMRC will provide requested details back to the council. Where the data is matched, the council will contact the individuals concerned to decide how best to recover the debt. It may be that the council decides to raise a Council Tax Attachment of Earnings Order (CTAEO) in order to enforce the payment of Council Tax against employed debtors.

Whilst it is likely that there will be an increase in the number of CTAEOs issued in pilot areas, this is the only change that payroll practitioners are expected to face. There are no new fields required on RTI submissions and this pilot does not involve the creation of a new type of AEO.

The pilot will run for one year, after which time it will be evaluated and a report produced for the Review Board and Minister for the Constitution. Factors determining whether the pilot is a success could include:

- Amount of council tax debt recovered in an affordable and sustainable way
- Increase in the number of vulnerable customers identified
- A reduction in the use of enforcement agents

If the pilot is successful, a national solution for all England and Welsh councils may be developed.

The CIPP is keen to understand whether payroll practitioners in the pilot areas experience an increase in the number of CTAEOs received and whether they experience any additional administrative burden if that proves to be the case. We will be liaising with the Cabinet Office to ensure this area is explored.

Back to ***Contents***

CIPP webcast on employment allowance changes from April 2020

29 July 2019

Spend a worthwhile ten minutes to find out what you need to know about the employment allowance (excluded persons) regulations 2019 and specifically what the changes mean for employers with a secondary NICs bill of less than £100,000.

Diana Bruce, CIPP Senior Policy Liaison Officer provides an overview of the changes that the draft regulations will bring if enacted and explains about the unintended consequence of employers and payroll professionals needing to know about 'de minimis state aid' for RTI reporting purposes.

CIPP webcast on employment allowance changes from April 2020

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

CIPP Survey: Proposals to reduce ill-health related job loss

5 August 2019

Your views are needed on the proposals made within this consultation – which includes adapting the Statutory Sick Pay scheme to allow for phased return together will partial payment of SSP and pay during that period.

The CIPP Policy team has produced a survey in order to obtain your views and inform our response.

Despite record rates of employment, there remains a gap between the employment of disabled people compared with those who are non-disabled, and disabled people are twice as likely to fall out of work. The government believes that significant intervention is required to transform the lives of disabled people and people with long-term health conditions.

Many people who are in work may also be managing one or more long-term health conditions which can affect their ability to remain in work. Some people leave work for health-related reasons; yet evidence shows that the right support from their employer could help them to stay in work.

This government has published a consultation setting out proposals which aim to reduce ill health-related job loss.

The survey closes on 30 August 2019 and should take around 30 minutes to complete.

CIPP comment

The Policy Team will also be holding a Policy Think Tank in Leeds on 20 August. Please email policy@cipp.org.uk if you would like to register your interest in attending this event.

Back to ***Contents***

CIPP survey: Establishing a new Single Enforcement Body for employment rights

9 August 2019

The CIPP policy team have produced a survey to gather your views on the consultation that considers the creation of a Single Enforcement Body for employment rights.

The survey will close on the 23 September.

The Director of Labour Market Enforcement (DLME) has improved the co-ordination of the Employment Agency Standards (EAS), the Gangmasters and Labour Abuse Authority (GLAA) and HMRC National Minimum Wage team

(HMRC-NMW) but the current state enforcement of employment rights landscape remains hugely fragmented with a number of organisations having involvement in ensuring good compliance and recompense for the worker.

The Department for Business, Energy and Industrial Strategy (BEIS) is exploring, through this consultation, whether there is a case to be made for creating a single labour market enforcement body to deliver:

- extended state enforcement
- a strong, recognisable single brand
- better support for businesses
- pooled intelligence
- more effective use of resources
- coordinated enforcement action
- closer working with other enforcement partners which would include the police, immigration enforcement, benefit fraud, health.

The survey focuses on some, but not all, of the questions arising from the four chapters. We recommend that you have the consultation paper alongside you, which will provide all of the background detail. In summary:

Proposed Core remit

If created the new Single Enforcement Body would, as a minimum, have responsibility for the areas that sit under the DLME as well as areas where the government has committed to state enforcement such as Umbrella companies (which aren't currently regulated in the same way that Agencies are) and enforcing holiday pay for vulnerable workers – the government has committed to legislating for the state to have a role in supporting vulnerable workers (definition of vulnerable yet to be confirmed).

In addition, it would also take on the strategy and information hub functions currently within the Office of the DLME.

The definition of vulnerable worker for the purpose of enforcing holiday pay entitlement has yet to be published.

Statutory Sick Pay (SSP)

HMRC currently run a dispute resolution process through its statutory payments dispute team for individuals who believe they have been wrongly denied statutory sick pay. Once contacted by the individual HMRC then check whether the individual is entitled to statutory sick pay. If they are found to be eligible, HMRC will write to the employer to resolve the dispute.

If the employer refuses to pay, HMRC will, once the appeals process has been exhausted, make a payment of any outstanding amount due to the individual and can impose a penalty on the employer. Appeals can be made to the Tax Tribunal.

The process generally has a high success rate in dealing with disputes, with 90% of complaints resolved following a letter from HMRC. However, it is reliant on an individual being aware that they are entitled to SSP and that they can go to HMRC to raise a dispute.

The Department for Work and Pensions (DWP) is responsible for policy on statutory sick pay, and it is considering reforms, including options to strengthen enforcement. In this case, a new single enforcement body may be better placed to take on this role.

The approach to enforcement

In the DLME 2018/19 Strategy an approach to enforcement looked at the benefits to be gained from a mix of two theories i.e. compliance and deterrence. Whilst the Government supports this approach it is recognised that the different enforcement bodies all take different approaches to enforcement, mixing compliance and deterrence to different degrees, and with different emphasis.

A single enforcement body could support compliance by:

- Increasing awareness of employment rights by providing employers with coordinated guidance and support across all state enforced areas

- Taking a more consistent, proportionate approach to breached at the 'lower harm' end of the spectrum with focus on education and the use of nudge techniques

A new single body could build on the work of the existing enforcement bodies by providing more technical guidance and targeted outreach to high risk sectors and vulnerable groups – driven by intelligence and data.

Powers and sanctions

Currently a wide range of different powers exist for the existing enforcement bodies.

Government propose that a new civil penalties regime is introduced for the GLAA and EAS to provide a middle ground of non-compliance and to be used where arrears of wages are involved. The penalties would be set at the same level as NMW penalties – 200% of arrears – with a minimum penalty of £100 and maximum of £20,000 per workers. As with NMW, there would be a 50% reduction where arrears and penalties are paid within 14 days.

CIPP survey
It is estimated that it will take approximately 15 minutes to complete our survey. Thank you for taking the time to provide your valued views and experience. As mentioned, it would be useful to have the consultation paper alongside you, to provide all of the background detail.

Think Tank roundtable
In addition to the survey the CIPP policy and research team will be chairing a Think Tank roundtable to enable full discussion on the proposals within the consultation. Details have yet to be confirmed but it is likely to be held in early September and invitations will be sent out to Full, Fellow and Chartered members. BEIS officials will be in attendance. In the meantime if you wish to express your interest in attending this roundtable, please email us at policy using 'Single Enforcement Body' as the subject.

Back to ***Contents***

CIPP Survey: Measures to address one-sided flexibility

12 August 2019

The CIPP policy and research team have published a survey to gather your views to address the issue of one-sided flexibility in the labour market.

The survey will close on 3 October.

The survey findings will feed in to the CIPP response to the BEIS consultation on measures to address one-sided flexibility which explores in greater detail the proposals put forward by the Low Pay Commission (LPC) in a bid to address the issue of 'one-sided' flexibility as identified in the Matthew Taylor review.

The LPC research has found that in some parts of the labour market there are a minority of employers who misuse flexible working arrangements which creates unpredictability of hours, insecurity of income and a reluctance among workers to assert basic employment rights.

Four recommendations have been made by the LPC but this consultation will explore two of those, which are:

- The right to a reasonable period of notice of work schedules
- The creation of a policy to provide compensation for shifts that are cancelled at short- notice.

In this consultation government would like to identify what current practice exists in relation to these two recommendations and explore what impact the recommendations would have and also consider how policies could best be designed to ensure that they effectively address one-sided flexibility – where it exists.

We recommend you have sight of the consultation paper as you respond to the questions.

Right to reasonable notice of work schedules

LPC believe that every individual should have a right to reasonable and recordable notice of their work schedules in a bid to discourage poor scheduling practice by employers, reduce unpredictability for workers and aid income security.

In practice, this policy will require an employer to provide a "reasonable" period of notice to a worker, prior to their shift starting.

A period that is considered "reasonable" is yet to be defined which balances both worker and employer needs.

Compensation for shift cancellation or curtailment without reasonable notice

The LPC recommend that where workers have their shifts cancelled without reasonable notice should be compensated and have put forward three options for the level of compensation, which are:

- The value of the shift/hours in question
- A worker's appropriate NMW rate multiplied by their scheduled number of hours cancelled
- A multiple of a worker's appropriate NMW rate, e.g. three times the NMW

Employer compliance and guidance

One alternative option identified by the LPC was the provision of guidelines for employers.

Several organisations they engaged with suggested codes of practice or improved guidance as a means of tackling the problem of one-sided flexibility. Guidance or codes of practice would enable best practice to be shared across employers and industries and could be used to supplement the policies proposed within this consultation, or as a standalone option that covers a broader range of practices.

Government is seeking views on how employers could drive change in practices and share, both across their workforce and the wider industry, guidance on how the issue of one-sided flexibility can be addressed.

Thank you for sharing your thoughts and experience in this survey. It is estimated that this survey will take approximately 20 minutes to complete.

The survey will close on 3 October.

CIPP comment
In addition to the survey, the policy and research team will be chairing a Think Tank roundtable in early September to enable CIPP Full, Fellow and Chartered members to engage with BEIS officials to share their thoughts and experiences in further detail. Invitations will be sent shortly, but in the meantime if you wish to express your interest in attending this roundtable, please email us at policy using 'one-sided flexibility' as the subject.

Measures to address one-sided flexibility

Back to ***Contents***

CIPP survey on Neonatal Leave and Pay

16 August 2019

The CIPP policy team have produced a survey on the consultation which is asking for views on a proposed new entitlement to Neonatal Leave and Pay for parents of babies who require neonatal care following birth.

An internal review by the Department for Business, Energy and Industrial Strategy (BEIS) highlighted that parents of premature, sick and multiple babies can experience significant challenges, particularly in cases where their baby or babies need neonatal care for a number of weeks or months.

During this time parents may need to travel significant distances between their home and the hospital on a daily basis or even stay in temporary accommodation closer to the hospital. This could introduce issues such as: childcare arrangements for other children; parents' ability to return to work at the end of their period of arranged leave; as well as the financial costs arising from all of the above.

Prospective parents and new parents enjoy a range of family-related leave and pay rights which enable them to take time off work prior to the birth of their child and subsequently. In addition, all employees have the right take a reasonable amount of time off work to deal with emergencies involving family and other dependants; and employees with 26 weeks' service have a statutory right to request flexible working.

Nevertheless, evidence gathered so far through the BEIS internal review suggests that current leave and pay entitlements do not adequately support parents where the baby or babies need to spend a prolonged period in neonatal care.

CIPP surveys
To help inform the CIPP's response to the consultation which proposes a new entitlement to **Neonatal Leave and Pay**, please spare around 20 minutes to complete our survey. Closes at 23:45 on Friday 6 September 2019.

We appreciate that there are several surveys out at the moment due to the plethora of consultation publications from government, so your time is particularly valued. Thank you in advance for your input.

Details of all our current surveys can be found in the consultation area of the CIPP's policy hub – you can login under My CIPP on the homepage of our website.

Proposals to reduce ill-health related job loss - closes 30 August 2019
Proposals include adapting the Statutory Sick Pay scheme to allow for phased return together will partial payment of SSP and pay during that period.

Establishing new Single Enforcement Body for employment rights - closes 23 September 2019
Proposals consider whether there is a case to be made for creating a single labour market enforcement body.

Measures to address one-sided flexibility - closes 3 October 2019
Measures to address one-sided flexibility which explores in greater detail the proposals put forward by the Low Pay Commission (LPC).

Back to ***Contents***

CIPP response to consultation on The Employment Allowance (Excluded persons) Regulations

27 August 2019

We recently held a think tank roundtable where CIPP members and representatives met with HMRC officials to discuss the impact of the Employment Allowance (Excluded Persons) Regulations from April 2020.

Thank you to Armstrong Watson for hosting the event and thank you to all those who took the time to attend and provide your important opinions, views and experiences. This evidence has helped form the CIPP's response to the technical consultation which can be found, in full, within the My CIPP/Policy hub on our website.

A summary of our response is below which highlights the key concerns and recommendations expressed within the policy think tank.

Impact of Employment Allowance becoming de minimis State Aid

By restricting the Employment Allowance (EA) to employers with secondary Class 1 NIC contributions of less than £100,000, HMRC consider that Employment Allowance is now classified as de minimis state aid, and as such requires an extended level of record keeping for HMRC to ensure that eligible employers do not breach limits that exist under the rules of state aid.

The CIPP is disappointed that government considers that payroll processes using the Real Time Information (RTI) system and specifically the EPS (Employer Payment Summary) are the most cost-effective method for HMRC to ensure such accurate accounting records are maintained to evidence the employer's right to claim EA.

Accounting for state aid is not a payroll process and as such raises the following concerns:

- Although the EA indicator is already on the EPS the current requirement is to send this only once unless the circumstances change. From April 2020 it will be required to be sent each new tax year. This requirement will add to the employer administrative burden.

- The requirement to calculate the amount received in Euros and not UK sterling will also add to the administrative burden of the employer. We understand that the entry field on the EPS will be a numeric field only and you will not require payroll software to allow for Euros to be reported.

- We must ask if it would be possible for the employer to report the figure in Sterling and HMRC then perform the currency conversion using the rate in force at 1 April. This would reduce the risk of error or omission by the employer significantly. It would also reduce the administrative burden that government is placing on the employer.

- HMRC will need to ensure that the exchange rate to use as at 1 April is explicitly and obviously advertised. Payroll software will have deployed their new year tax updates before this is available so the employer will need to enter this manually.

- Not all businesses will be equipped now to make their EA claim in April. We understand that making the declaration will continue to be acceptable practice at any point throughout the year however HMRC systems will accrue a 'debt' each time the EA is offset until an accepted declaration is made. HMRC will need to adapt their processes to ensure that unnecessary and stressful challenge is not made to employers who simply haven't yet made the declaration – maybe because they are experiencing difficulties in establishing whether they have received de minimis state aid and if so, how much.

- We are concerned that many employers may be prevented from accessing EA for fear of erring in what is an extremely complex requirement – this would be contra to the policy aim to encourage and enable growth in SME.

- Of an even greater concern is the risk that employers will make incorrect declarations and/or report incorrect amounts or indeed, report in sterling rather than Euros – all would be incorrect – what are the compliance and enforcement penalties of such error?

- The impact of our impending exit of the European Union (EU) needs to be made clear. We understand that where we exit with an agreement in place the UK State Aid Regulations will ensure that this obligation will continue but what if no agreement is in place? HMRC will need to ensure that they communicate that reporting in Euros will still be required as this will appear to be nonsensical once we exit the EU.

- As mentioned above, this is not a payroll process and so employers will face increased costs from their service provider, if the payroll provider agrees to support the employer in reporting this information – not all software has included an EPS in the past. In this situation the employer makes use of HMRC Basic PAYE Tools (BPT).

- We foresee a possible increase in the employer having to report, independently, by using the EPS on BPT functionality. HMRC guidance will need to make clear which EPS would take priority in the event that for the same tax period two EPS were submitted, one by the employer with the EA declaration and state aid amounts and one by their payroll provider due to a reclaim of statutory payments (assuming a priority existed).

- We understand that the employer will only have to account for any other de minimis state aid they have / or expect to receive in the previous two years and current year, as HMRC will account for the full £3,000 EA –

even where the employer may not claim the full amount – this needs to be made clear in guidance as there is a risk that it could be double accounted for i.e. by the employer and then again by HMRC.

- There appears also to be confusion between the three year period to be assessed to be used, therefore we seek clarification as to whether HMRC will be using a three tax year assessment period (two preceding plus sufficient remaining to claim EA in the current year) or on a true rolling three year basis?

- As Employment Allowance is claimed throughout the tax year – using tax years as a basis would be the most accurate. Rolling years risk an otherwise eligible employer becoming ineligible due to there exceeding the limits at a fixed point in time i.e. 6 April.

- Guidance needs to be crystal clear for all stakeholders.

Our comments assume also that the amount of de minimis state aid can be easily quantified and accounted for. This may not be an accurate assumption as we understand that in addition to grant payments that will be recorded within the accounts of the employer, other less tangible support may be provided to the employer. How will this be quantified by the providing public body? A significant bank of examples of such aid must be provided by HMRC in guidance to alert employers of how they could be impacted by such aid.

Impact of the £100,000 liability

The Employment Allowance has been in place for several years and employers will have a familiarity of what works for them. However, other policy reforms have been delivered, and continue to be delivered, since its introduction, such as off-payroll working rules.

Guidance must include clear examples of when a Class 1 secondary contribution must be discounted, either in the calculation of the 'less than £100,000 in the previous tax year' or in the claiming of the £3,000 EA. Guidance must also provide clear explanations about all the circumstances in which a payment may be considered as deemed – and thus excluded either from the £100,000 liability and/or £3,000 EA claim.

Accounting for such exceptions through the payroll process will increase the administrative burden significantly – there should be no exceptions where a liability for Class 1 secondary NICs is accruing.

We are concerned that there is a growing inconsistency of applying policy in relation to Class 1 NICs. For example, the apprenticeship levy is calculated on all Class 1 liabilities, but the EA rules don't follow this principle.

Is the £100,000 threshold inclusive or exclusive of the allowance? For example, if the secondary NIC in the relevant year amount to £101,000 but the employer only actually pays over £98,000 because of the £3,000 EA they claim, are they under or over the £100,000 threshold for next year's claim? This will be a commonly asked question and guidance should make clear the HMRC response that it is the amount before accounting for EA offset.

Acceptance and rejection communications

Once the employer has made their declaration HMRC will issue a letter by post informing them that they are granting de minimis state aid of £3,000 (we presume this will be stated in euros). This will ensure that HMRC is fulfilling its obligations under the EU rules for state aid provision. This assumes that HMRC agree that the employer qualifies and guidance will need to ensure that employers are made aware of this checking process by HMRC.

Where HMRC disagree with the employer claim because information is missing or that the limits available to that employer appear to be in breach, we understand that HMRC will notify the employer by an electronic GNS message – this will not be an instant rejection message which raises further questions and further time needed to process the EA claim:

Where the employer processes their own payroll they will need to have access to clear guidance to prevent errors occurring which would result in an inaccurate rejection.

Payroll service providers will need to check each GNS for each client if a rejection is served. Will the GNS clearly identify which client it refers to?

Payroll software providers can choose not to support this as the EPS facility is available to the employer through HMRC Basic PAYE Tools service.

Conclusion

To conclude, we remain of the belief that the Employment Allowance (Excluded Persons) Regulations should not be passed in their current format. They place on the employer payroll processes unacceptable levels of administrative burden – not least because the data required within the declaration is not data that is available to the payroll function and so will require significant manual intervention.

Other reporting options are available to HMRC and could have been selected – we are extremely disappointed that they weren't previously considered in public consultation and are concerned at this latest direction of travel as it relates to Government use of the RTI system.

However, if it is not possible to change this policy direction and we do have slight optimism that this could be possible given the new Chancellor's commitment to simplifying the tax system, we believe that employers, together with their service providers, which include payroll bureaux, accountants and bookkeepers, and software developers should be provided with appropriately timely, accurate and detailed information by HMRC that will enable them to fulfil this latest unpalatable policy proposal.

Our consultation response can be read in full, within the My CIPP/Policy hub on our website.

Back to ***Contents***

Holiday entitlement calculator temporarily removed

29 August 2019

Our Advisory service have received several queries from members about the GOV.UK holiday entitlement calculator as it has been removed from the website.

We contacted the Department for Business, Energy and Industrial Strategy (BEIS) and they explained that it has been removed temporarily for maintenance. Due to recent employment tribunal court cases and the changing working patterns that we are seeing, the opportunity is being taken to review the calculator.

We have been assured that it will be back up and running as soon as possible and we will keep your informed through *News Online* of its progress.

Back to ***Contents***

CIPP webcast: Off-payroll working from April 2020

16 September 2019

Draft legislation brings in a new statutory requirement for a Status Determination Statement to be issued by all public sector businesses and medium and large private sector businesses that fall under the new off-payroll rules from April 2020.

In June we published a webcast on the new off-payroll working rules, due to come into force in April 2020, which looked primarily at the spring consultation proposals. Since then draft legislation has been published under the Finance Bill and also the government's response to the spring consultation, which together provide more detail about the design of the reform and the obligations on different parties within the public, private and third sectors, that fall under the new rules.

In this 25-minute webcast, Diana Bruce, CIPP Policy & Research, covers the key changes (including the new statutory requirement for a Status Determination Statement) that will be brought in by the draft legislation (when enacted) and

looks at the practical application of the new rules for off-payroll working in the public, private and third sectors from April 2020.

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

Time Limit extensions for unfair dismissal claims

12 September 2019

The EAT recently considered whether there would be a month's grace to present a claim form following the end of Early Conciliation.

With thanks to Daniel Barnett's Employment Law blog.

If a Claimant goes to Acas for Early Conciliation after a primary time limit has expired, is there a month's grace to present a claim form after the end of Early Conciliation?

No, held the EAT in Pearce v Merrill Lynch. The Claimant brought claims for detriments arising from protected disclosures outside of the 3-month time limit. He had been off work due to ill-health for over 4 months, taking legal advice on 5th December, out of time. His solicitors took 16 days before starting early conciliation with Acas, which ended on 8th January. The claim was presented on 7th February. The tribunal held that although it had not been reasonably practicable for the Claimant to have put the claim in on time, it was not presented within a reasonable time after the 3-month time limit had expired, so it was dismissed as out of time.

The delays in going to Acas and waiting a month after the end of early conciliation were not explained by the Claimant. The tribunal inferred the latter delay was due to a mistaken belief of the Claimant's advisers that a month's extension of the limitation period under S207B(4) ERA was available – but that only applies when Early Conciliation starts during the 3-month time limit.

The EAT turned down the Claimant's appeal. It considered whether the Claimant's delay was reasonable and had no explanation. The employment tribunal did not have to look for a precise date when the claim could have been presented, it could look at a period of time - here from 5th December to 7th February - and had no explanation why the claim hadn't been presented sooner.

Therefore it was entitled to refuse the extension of time.

Back to ***Contents***

Data share pilot between HMRC and local authorities

19 September 2019

In 2019, 29 councils agreed to share data with HMRC about Council Tax debt. HMRC, as joint data controller to these agreements, has published the business cases and Data Protection Impact Assessments for these pilots under a Freedom of Information request.

The Council Tax debt data usage agreement between HMRC and local authorities is available to read, and you can find data for all the local authorities who are participating in the pilot.

The purpose of the pilot is to measure the potential yield the local authorities could have if they were to use HMRC data for an Attachment of Earnings Order and to test whether debts can be managed and recovered using HMRC data. Alternatively the pilot will confirm what data items are most effective for obtaining accurate address information for those customers who have a Council Tax Debt.

A sample of up to 4,000 records will be collected and used from each of the councils. They will have debts from multiple years and whilst selected at random will fall into one of ten categories, chosen as likely to produce the best opportunities for matching against HMRC records as well as recovering significant levels of income.

Permission to use data in this way is included in the Digital Economy Act 2017, and is being published in line with the Code of Practice for transparency included in that legislation.

Related CIPP news
Council tax pilot to recover debts direct from workers' wages - 25 July 2019

Back to ***Contents***

CIPP response to BEIS consultation on neonatal leave and pay

4 October 2019

The CIPP has submitted its response to BEIS's consultation document – Neonatal Leave and Pay: Proposals to support parents of children who require neonatal care following birth.

An internal review by the Department for Business, Energy and Industrial Strategy (BEIS) highlighted that parents of premature, sick and multiple babies can experience significant challenges, particularly in cases where their baby or babies need neonatal care for several weeks or months.

During this time parents may need to travel significant distances between their home and the hospital on a daily basis or even stay in temporary accommodation closer to the hospital. This could introduce issues such as: childcare arrangements for other children; parents' ability to return to work at the end of their period of arranged leave; as well as the financial costs arising from all of the above.

Prospective parents and new parents enjoy a range of family-related leave and pay rights which enable them to take time off work prior to, and after, the birth of their child. In addition, all employees have the right to take a reasonable amount of time off work to deal with emergencies involving family and other dependants; and employees with 26 weeks' service have a statutory right to request flexible working.

Nevertheless, evidence gathered so far through the BEIS internal review suggested that current leave and pay entitlements do not adequately support parents where the baby or babies need to spend a prolonged period in neonatal care. To address this the government published a consultation document setting out proposals to support parents of children who require neonatal care.

Our response provided a summary of quantitative results taken from our electronic survey gathering responses from CIPP members and other payroll tax professionals to the consultation questions. We also held a Think Tank roundtable on 20 August and our response incorporated qualitative results through the views and experiences shared by members in attendance.

Key findings

- There is overwhelming support for the introduction of neonatal pay and leave
- 75% of respondents agreed that neonatal leave and pay should be restricted to parents whose children had spent a minimum of two weeks in neonatal care
- 96% of respondents agreed that neonatal leave should be a day one right
- There was broad agreement to the suggestion that neonatal leave and pay should follow on from other family related leave
- Around 80% of respondents agreed that mothers, fathers and partners should be asked to provide evidence of entitlement before taking neonatal leave, however what form that evidence should take is less clear cut
- There was overwhelming agreement that parents taking neonatal leave should have the same employment protections and right to return to work as employees on parental leave in respect of older children

Conclusion

Overall there is broad agreement with the proposals contained within this consultation, however the CIPP acknowledges that there are issues still to be resolved regarding notice periods, evidence of entitlement and the interaction with shared parental leave.

The CIPP encourages BEIS to continue engaging and involving stakeholders as it explores ways in which these issues can be resolved.

CIPP comment

You can read our full formal response at CIPP response to BEIS consultation on neonatal leave and pay.

Open consultation surveys and formal responses can be found under My CIPP/ Policy hub on the CIPP website.

Back to ***Contents***

CIPP Survey: Good Work Plan: Proposals to support families

24 October 2019

Although the UK has a strong tradition of encouraging and supporting working families, with a generous and flexible parental leave system, the government is aiming to ensure further parity in relation to leave and pay, and to ensure consistency between genders.

The current policies communicate how valued working parents are to a wider demographic and display how important they are within the workplace but it is widely felt that more could be done to promote consistency between mothers and fathers.

Supporting working parents to combine work and childcare helps individual parents, but also the businesses that they work for, as employers have access to a wider pool of talent and are able to cultivate and retain that talent. This reflects on the wider economy too.

The government has published a consultation to explore the issues around parental leave and pay.

In order to obtain your views and inform our response to this consultation the CIPP Policy team has produced a **survey.**

CIPP comment

The survey closes on 22 November 2019 and should take around 25 minutes to complete. CIPP surveys are opportunities for you, the payroll professionals, to give open and honest feedback surrounding policies that affect the way you work and the staff that you pay. Your responses are imperative in shaping the future of the way payroll is conducted so all feedback is thoroughly valued and appreciated.

Back to ***Contents***

CIPP Survey: Good Work Plan: Proposals to support families

31 October 2019

The CIPP Policy team is running a survey in order to form our response to the government consultation that addresses the future of parental leave and pay in the UK.

The survey will be running until 22 November 2019 and is your opportunity to influence and shape policies that directly impact pay for UK employees. The government confirms that, although the current parental leave and pay system is very generous and flexible, it wants to establish further consistency between men and women to ensure that both mothers and fathers can support and bond with their children, whilst also having the option to remain in employment.

The government reinforces the idea that, along with helping individuals to combine their work lives with childcare, reforms that move to enrich the parental leave and pay system will also have a positive impact on employers and organisations. They will have access to a larger talent pool and be able to continue engaging with valued members of staff.

CIPP comment

The survey closes on 22 November 2019 and should take around 25 minutes to complete. CIPP surveys are opportunities for you, the payroll professionals, to give open and honest feedback surrounding policies that affect the way you work and the staff that you pay. Your responses are imperative in shaping the future of the way payroll is conducted so all feedback is thoroughly valued and appreciated.

Back to ***Contents***

CIPP Survey: Good Work Plan: Proposals to support families

13 November 2019

As previously reported, the CIPP is running a survey focused on parental leave and pay which is open until 22 November 2019. We thoroughly encourage you to participate in this study so that you can help to form the CIPP's response to the government consultation on the topic and, in turn, potentially shape future policies.

The consultation addresses the fact that there are still some gender stereotypes attached to parental leave and pay. The government wants to introduce further consistency between men and women to highlight the importance of both parents within the workplace and also within wider society. Reforms to parental leave and pay will work in conjunction with other government policies to help to tackle other issues such as bridging the gender pay gap.

CIPP comment

The survey closes on 22 November 2019 and should take around 25 minutes to complete. CIPP surveys are opportunities for you, the payroll professionals, to give open and honest feedback surrounding policies that affect the way you work and the staff that you pay. Your responses are imperative in shaping the future of the way payroll is conducted so all feedback is thoroughly valued and appreciated.

Back to ***Contents***

CIPP Survey: Good Work Plan: Proposals to support families

20 November 2019

There is still time to have your say on the CIPP survey which looks at parental leave and pay. This survey runs until 22 November 2019 and your responses could potentially shape future policy on the area so do not miss your chance to make your opinions heard!

The government currently has a flexible and generous range of policies relating to the area of parental leave and pay, but it has been noted that there should be more consistency between the treatment of mothers and fathers in contemporary society. This is to allow both men and women to bond with their children and to try to tackle some of the

wider issues observed within businesses today, such as the gender pay gap and to balance the gender division of parental leave.

The survey looks at how paternity pay could be adjusted and aligned with other parental pay policies but also visits further flexibility and how employers can accommodate employees with families and ensure they give them the best tools to succeed with balancing work and family life.

CIPP comment

The survey closes on 22 November 2019 and should take around 25 minutes to complete. The closing date is fast approaching so do not miss the opportunity to make your mark on the future of parental leave and pay. Your responses are crucial in moulding policies and all feedback is greatly appreciated.

Back to ***Contents***

CIPP Payslip Statistics Survey

26 November 2019

The CIPP Policy team has been running a payslip statistics survey since 2008. The information you provide helps both the team and the CIPP to understand the latest trends in respect of pay frequencies, payment methods and payslip distribution. This year the survey also includes questions on off-payroll working as it is a topic that is at the forefront of the minds of many payroll professionals at present.

The survey closes on 20 December 2019, and whilst we appreciate this is a busy time of year for all payroll professionals we are extremely grateful for your time and would welcome your support if you could spare around 15 minutes to answer the questions in this survey.

Back to ***Contents***

CIPP response to BEIS consultation on parental leave and pay

2 December 2019

The CIPP has submitted its response to BEIS's consultation document – Parental Leave and Pay: Supporting parents and achieving quality.

The Department for Business, Energy and Industrial Strategy (BEIS) wanted to gather feedback on the topic of parental leave and pay, and how further parity between the genders could be achieved so that both mothers and fathers could care for and build strong bonds with their children. This would, in turn, hopefully remove some of the gender stereotypes attached to the allocation of childcare duties within contemporary society.

The theory is that by reforming parental leave and pay in a way that allows individuals to combine their work life with childcare not only benefits individuals but also helps employers by giving them access to a wider talent pool and allowing them to retain hardworking members of staff who may wish to start a family or who plan to add to their existing family. Addressing current policies surrounding parental leave and pay may also have a positive impact on wider issues such as the gender pay gap.

Our response provided a summary of both quantitative and qualitative results taken from our electronic survey gathering responses from CIPP members and other payroll tax professionals to the consultation questions.

Key findings

- Policies and processes for Paternity Leave and Pay are confusing
- The Shared Parental Leave and Pay rules are complex

- Family characteristics should not restrict access to Shared Parental Leave and Pay
- Awareness of Parental Leave and Pay is low
- There is a general support for reforming Parental Leave and Pay, but this should be measured and include full consultation along the way.

The response document itself goes into much further detail surrounding the information gathered from participants.

Conclusion

The responses to this survey reveal that the complexity of policies and rules can act as a barrier for both the employer and employee. The evidence in this research suggests that not all employers are signposting their employees to the statutory entitlements available to them. There is strong support for change to the existing Parental Leave and Pay policies, with enhancements suggested for the pay elements.

CIPP comment

The CIPP encourages BEIS to continue engaging and involving stakeholders as it explores ways in which these issues can be resolved.

Back to ***Contents***

CIPP Payslip Statistics Survey

3 December 2019

The CIPP Policy team is running a survey relating to pay frequencies, payment methods and payslip distribution that can be accessed online. This will run until 20 December 2019 and we would really value the feedback from you- the payroll professionals.

We understand that this is a very busy time of year in payroll departments but if you could spare approximately 15 minutes to answer the questions, we can build a comprehensive picture of current payroll trends. This year, some additional questions surrounding the topic of off-payroll working have been incorporated as this is a prevalent subject and is currently at the forefront of the minds of many payroll professionals.

The Payslip Statistics Survey is one of the CIPP's flagship surveys and has been running for over a decade, having initially been introduced in 2008. We thank you in advance for your invaluable input and will publish the results in due course.

Back to ***Contents***

CIPP Payslip Statistics Survey

11 December 2019

You still have until the 20 December 2019 to respond to the CIPP Policy team's Payslip Statistics Survey. The research centres around the pay frequencies, payment methods and payslip distribution used within organisations today and aims to build up a picture of current pay trends within the UK.

We understand that December is an extremely busy time of year for all payroll professionals but would really appreciate it if you could spare roughly 15 minutes to respond to the survey. There are also a variety of questions

surrounding the topic of off payroll working / IR35 as this is dominating many of the discussions being held in payroll departments and among payrollers at the moment.

The survey has been running for over a decade and was first released in 2008. We would like to thank participants in advance and will publish the results in due course.

Back to ***Contents***

CIPP Payslip Statistics Survey: A final call!

18 December 2019

There is still time to have your say and contribute to the acclaimed Payslip Statistics Survey, produced by the CIPP's Policy team, which has been in circulation for over a decade and was first introduced in 2008.

The survey poses questions relating to pay frequencies and methods but also to the payslip distribution methods that employers use today, to evaluate current pay trends that are prevalent within the UK. This edition also includes some additional questions that address the upcoming reforms to IR35, which will be rolled out in April 2020, as this is a topic which has received considerable coverage for a while now.

December is renowned for being one of the busiest periods in payroll departments and so we would like to thank our members and payroll professionals in advance for taking the time to respond to the survey. It should take approximately 15 minutes and is a task you could complete when you need to take a break from completing your payroll processing activities.

Back to ***Contents***

DLME Strategy 2020-2021: CIPP call for joined up gudiance to aid employer compliance

28 January 2020

In its submission to the Director of Labour Market Enforcement (DLME) Strategy 2020-2021: Call for Evidence, the CIPP calls for more comprehensive guidance that draws together common themes that are governed by different regulations and legislation in a bid to strengthen BEIS employer guidance on NMW, HMRC guidance on Tax and NIC reporting, and the HM Court and Tribunal Service on the subject of deductions permitted when administering Pay Attachments, which remains a common area of error.

Samantha Mann, CIPP senior policy and research officer, comments:

"The CIPP does not condone intentional non-compliance and criminal activity that is typically representative behaviour of the most egregious employers, however our response seeks to highlight just a small number of the key challenges that impact employers who strive to achieve full compliance, within the complex structure of legislation that governs worker rights and mirroring employer obligations across the UK. Employers who seek to provide fair working conditions and accurate take home pay to their employees and workers need robust guidance, support and education materials that are comprehensive and fit for purpose."

Recommendations

Common themes

We have observed a slight increase in education delivery e.g. webinars through the HMRC Talking Points programme regarding NMW administration. However, anecdotal evidence suggests that experiences at the coalface when faced with an NMW inspection, reveal problem areas that could have been avoided had guidance and information been more 'joined up'.

An example would be uniforms. This subject has relevance to the employer from a tax and NIC reporting perspective, to the employee from a tax relief perspective and for the self-employed, from an allowable expenses perspective. However, the rules surrounding uniforms from a tax and NIC perspective can be complex to understand. Compare this to the broad definition used when describing a uniform for NMW purposes, and an area for error and mistake quickly arises.

Deductions from pay for pay attachments issued by the courts and others, also give rise to error as HMRC have strictly defined these as deductions made 'for the benefit of the employer' and yet, because they are permitted to be made - as highlighted in the pay attachment notice, the unwary employer falls foul where the employee is paid at or around the NMW rate. This continues to capture the unwary.

Guidance and educational materials should cover the different impact that varying policies have on common themes and subjects – this would be a new provision and require significant cross-government working. Stakeholders could provide significant help in this endeavour.

Sectoral guidance

The technical operation of NMW (and PAYE and NIC) does not largely vary across sectors. However, useful directed case studies and examples within guidance and information (whatever media is used) could aid the employer to understand and apply the rules correctly as explained in BEIS guidance. Particularly where that guidance is in HTML format online.

Impact of legal rulings

Where court rulings set legal precedence, the impact on the operation of NMW (and other subjects) should be made clear by BEIS and HMRC at the earliest opportunity. Media campaigns should be used to raise wide awareness of the impact, together with prompt updates to operational guidance and education materials. The delays that have been experienced in recent years across many policy subjects are unacceptable.

Whilst the media should not be relied upon to cascade critical technical information without direction (which can lead to mis-information and confusion), neither BEIS nor HMRC fully utilise the efficiency of stakeholders to cascade important and accurate messages and updates in the interim, while they work to update their library of employer information, education, support materials and resources.

Stakeholders and employer support mechanisms

When an employer takes on their first employee or worker, no longer can they work to comply in isolation with the myriad of legal obligations that is placed on them.

On the contrary they need a significant support mechanism in order to deliver and stay up to date as they attempt to provide compliant payroll and HR services, as a minimum that will include:

- Payroll providers, bookkeepers and accountants
- Software developers
- Legal/HR services
- Banking services

Guidance and technical information therefore needs to be provided at appropriate levels and at a time that recognises the needs of the users – a prime example of where this process is not as robust as it once was, and thus is failing employers, is for software developers who support all stakeholders, and are key in ensuring the compliant chain.

The response can be read in full at policy hub.

Mann further commented:

"We know from the Queen's Speech that it is the intention of this Government to strengthen worker protection with the creation of a Single Enforcement Body and so now is the time to ensure that equal education, guidance and support is provided to serve the employer community who seek to pay their employees and workers on time and accurately"

Back to ***Contents***

A unique opportunity to give your views to HMRC on the P11D process

12 February 2020

HMRC wants to know about your knowledge and experience of the HMRC P11D expenses and benefits process. The CIPP policy team has created a quick **survey** which should take about eight minutes to complete and will give HMRC the insight they need.

The aim of this questionnaire is to understand the experience from your perspective from collating the information through to submitting the form and any subsequent amendments.

All responses to this questionnaire are anonymous and you will not be asked for any specific customer information. This is not part of any compliance intervention and the team running this does not have responsibility for handling your tax affairs.

Any information you provide will be used to better understand the administrative burden of HMRC's customers, the reasons why amendments to the original form P11D are necessary and whether the current process could be improved.

But hurry, the **survey** closes at 4pm on Friday 14 February.

Back to ***Contents***

Don't miss the opportunity to give your views to HMRC on the P11D process!

14 February 2020

As reported earlier this week, HMRC is requesting feedback on your knowledge and experience of the HMRC P11D expenses and benefits process. The CIPP policy team created a quick **survey**, which will take less than ten minutes to answer and will give HMRC the insight they require.

The aim of this questionnaire is to understand the experience from your perspective, from collating the information through to submitting the form and any subsequent amendments.

All responses to this questionnaire are anonymous and you will not be asked for any specific customer information. This is not part of any compliance intervention and the team running this does not have responsibility for handling your tax affairs.

Any information you provide will be used to better understand the administrative burden of HMRC's customers, the reasons why amendments to the original form P11D are necessary and whether the current process could be improved.

But don't delay, the **survey** closes at 4pm on Friday 14 February!

Back to ***Contents***

QuickPoll results: Has the delayed Budget had an impact on your payroll department?

25 February 2020

As the original Budget was scheduled for 6 November 2019, but was then been moved to the substantially later date of 11 March 2020- a matter of weeks prior to the new tax year- the CIPP wanted to assess the impact that this delay has had on the payroll departments of its members, if any. The results can now be revealed!

An impressive 333 responses were collected in relation to the question, 'Has the delayed Budget had an impact on your payroll department?' over the two-week period that the survey ran for. The breakdown of those were as follows:

Yes – significantly: 86 (26%)
Yes – moderately: 141 (42%)
No: 106 (32%)

The majority of responses highlight the fact that the delayed Budget has had an impact on payroll departments throughout the country- 26% of respondents reported that the extent of this was significant and a staggering 42% confirmed that the delay has had an impact, albeit a moderate one. Only 32% of participants reported no effect whatsoever on their payroll department due to the delayed Budget date.

The CIPP, and the payroll profession as a whole, breathed a sigh of relief last week when Rishi Sunak confirmed that the Budget date would remain as 11 March 2020, following on from Sajid Javid's shock resignation from the post of Chancellor of the Exchequer earlier this month. Speculation is rife as to what the contents of the first post-Brexit Budget may be, but concrete confirmation will only be provided on 11 March 2020.

Back to ***Contents***

CIPP QuickPoll: After a period of long-term leave, how do employees refresh their payroll knowledge?

26 February 2020

The CIPP is currently running a Quick Poll on its News Online page to gather information relating to how those in the payroll profession refresh their payroll knowledge after a period of long-term leave.

It is particularly important for payroll professionals to stay up to date with legislation as it is pretty much constantly evolving and changing.

We appreciate that payrollers are extremely busy individuals, but would really appreciate it if you could take a moment of your time to select one of the answers provided to give us an insight into this area, and the actions that employees take to update their payroll knowledge after a lengthy period of leave.

Back to ***Contents***

CIPP QuickPoll: Coronavirus and company policy

27 February 2020

The CIPP has removed its QuickPoll relating to how payroll professionals refresh their payroll knowledge after an extended period of leave, but only briefly, to discuss the very topical issue of Coronavirus.

With the news that a London firm has instructed its staff to work from home, as one of its employees reported experiencing flu-like symptoms, it felt important to ask our members if their companies have policies that outline what will happen in situations such as this. We appreciate that not all companies will have the facilities to allow all of their staff to work from home, and home-working would be impossible in certain scenarios. The question that remains then is, if somebody must self-isolate for 14 days, do company policies state whether their employees will be paid or not for this period?

We would really appreciate it if you could take a moment of your time please to respond to the question on our News Online page.

Back to ***Contents***

The CIPP's Budget webcast now available

20 March 2020

The CIPP's Budget webcast is now available online and provides an overview of the key details for payroll professionals to familiarise themselves with, for the new tax year and beyond.

Since Rishi Suank's delivery of the Budget, there have been some significant changes, and so the webcast has been adjusted to incorporate any relevant updates, to ensure that our members are kept as up to date as possible.

Tune in now to hear discussion of the government's contingency plans for tackling the outbreak of COVID-19, and the relevant support on offer for both businesses and individuals, the surprise announcement relating to the delay to controversial IR35 reforms, last minute amendments to the Employment Allowance and much, much more….. Whoever said payroll was boring?!

The webcast runs for a duration of just half an hour, and provides the fundamental information for payrollers to equip themselves with for the tax year ahead, and any legislative updates that have been announced.

Listen to the CIPP's Budget webcast here.

Back to ***Contents***

CIPP QuickPoll: Progression of the CIPP's Foundation Degree graduates

1 April 2020

The CIPP really values the feedback of its members and is currently running a QuickPoll to establish how those who have graduated from our Foundation Degree (FD) in Payroll Management and / or our Foundation Degree in Pensions Administration and Management have progressed, and how it has supported and propelled their careers.

We understand that we are currently living in unprecedented times, and that payroll professionals will be extremely busy in ensuring that staff are paid both accurately and on time throughout the outbreak of coronavirus. We would therefore be extremely grateful if you could take a minute of your time to answer our QuickPoll which will allow us some insight into how the FD has assisted graduates in their career progression.

The QuickPoll can be accessed here, on the right hand side of the page, and the results will be published in due course.

Thank you in advance for your time.

Back to ***Contents***

Data protection

Data Protection and Brexit - Is your organisation prepared?

29 January 2019

Businesses and charities need to continue to comply with data protection law after 29 March if the UK leaves the EU without a deal.

If your organisation shares personal data with organisations in the European Economic Area (EEA), you will need to take steps to ensure you continue to comply with data protection laws if the UK leaves the EU without a deal. For UK businesses that only share data within the UK, there will be no change.

Personal data refers to any information that can be used to identify a living individual, including a customer's name, their physical or IP address, or HR functions such as staff working hours and payroll details.

The UK does not intend to impose additional requirements on transfers of personal data from the UK to the EEA, therefore, organisations will be able to send personal data to organisations in the EEA as they do currently.

However, transfers of personal data from the EEA to the UK will become restricted once the UK has left the EU.

Therefore, if your organisation receives personal data from organisations in the EU you should consider, with your EEA partners, what changes you may need to make to ensure that personal data can continue to flow after the exit date.

These changes will affect organisations both large and small. To help your organisation take the right action now use the Information Commissioner's Office's (ICO) guidance and follow its 6 steps checklist.

Further information

- 7 questions to get guidance relevant to your business when the UK leaves the EU
- ICO Guidance and resources for organisations after Brexit
- General Data Protection Regulation (GDPR) guidance

Back to ***Contents***

ICO Codes of Conduct

10 May 2019

Under the GDPR, trade associations and representative bodies may draw up codes of conduct that cover topics important to their members, such as fair and transparent processing, pseudonymisation or the exercise of people's rights. This is a great way of providing sector specific guidance about data protection law.

They are a good way of developing sector-specific guidelines to help with compliance with the GDPR. There is a real benefit to developing a code of conduct as it can help to build public trust and confidence in your sector's ability to comply with data protection laws.

The ICO submission process for Code of Conduct approval will open following the approval of European Data Protection Board guidelines (due Autumn 2019). However, in the meantime the ICO is welcoming enquiries from representative organisations who are considering developing codes of conduct, and will offer support and guidance. You can contact the ICO by email at codesofconduct@ico.org.uk.

Why sign up to a code of conduct?

Adhering to a code of conduct shows that you:

- follow GDPR requirements for data protection that have been agreed as good practice within your sector; and

- are appropriately addressing the type of processing you are doing and the related level of risk. An example is a code may contain more demanding requirements when it relates to processing of sensitive special category personal data.

Adhering to a code of conduct could help you to:

- be more transparent and accountable;
- take into account the specific requirements of processing carried out in a sector and improve standards by following best practice in a cost effective way;
- promote confidence and in a sector by creating effective safeguards to mitigate the risk around processing activities;
- earn the trust and confidence of data subjects and promote the rights and freedoms of individuals;
- help with specific data protection areas, such as breach notification and privacy by design;
- demonstrate that you have appropriate safeguards to transfer data to countries outside the EU; and
- improve the trust and confidence in your organisation's compliance with GDPR and of the general public about what happens to their personal data.

What should a code of conduct address?
Codes of conduct should help you to comply with the GDPR and may cover topics such as fair and transparent processing, legitimate interests, pseudonymisation or alternative, appropriate data protection processing issues.

Codes of conduct should reflect the specific needs of controllers and processors in small and medium enterprises and help them to work together to apply GDPR requirements to specific issues that they face.

Codes should provide added value for their sector, as they will tailor the GDPR requirements to the sector or area of data processing. They could be a cost effective means to enable compliance with GDPR for a sector and its members.
Who is responsible for codes of conduct?

Trade associations or other bodies representing controllers or processors can create a code of conduct in consultation with relevant stakeholders, including the public where feasible. They can amend or extend existing codes to comply with GDPR requirements.

Visit the ICO's website for further information on Codes of Conduct.

Back to ***Contents***

GDPR one year on

12 June 2019

The Information Commissioners' Office (ICO) has published a report 'GDPR one year on' which provides an overview of the ICO's experience in the first year of the General Data Protection Regulation (GDPR), and shares information and insights that will be further explored in its Annual Report later this year.

The update describes some of the work undertaken to deliver the six goals set out in the ICO's Information Rights Strategic Plan. This includes supporting the public to use their new rights, working with organisations to provide support and guidance and using new enforcement and investigation powers. The report also covers how the ICO is working to stay relevant and foster innovation and ensuring it is a well-resourced, influential regulator on the national and international stage.

Some of the key points from the report include:

SMEs
The ICO recognise it hasn't been easy for small organisations to become GDPR compliant. Legal bases for processing, data auditing and privacy policies take time to understand and there are no quick fixes for making sure people's personal data is being processed legally. For sole traders this has been particularly difficult.

In addition to the services that the ICO has to help this community understand their responsibilities, it will also soon be establishing a 'one-stop shop for SMEs', drawing together the expertise from across ICO's regulatory teams to help it

better support those organisations without the capacity or obligation to maintain dedicated in-house compliance resources.

All organisations
The ICO has put comprehensive guidance in place to help all organisations understand and comply with their obligations. The aim is now to focus on where existing guidance still needs to be updated and ensure the continued provision of a clear and comprehensive guide to the law.

Alongside guidance, the ICO also has responsibility for creating four statutory codes for:

- data sharing
- direct marketing
- age-appropriate design
- data protection and journalism

These codes are being developed and will play an important part in supporting the implementation of the GDPR in these areas.

Data sharing code
The data sharing code will update the existing data sharing code of practice, which was published in 2011 under the DPA 1998. Data sharing brings important benefits to organisations, citizens and consumers, making their lives easier and helping with the delivery of efficient services.

One of the myths of the GDPR is that it prevents data sharing, which isn't true. The GDPR aims to ensure that there is trust and confidence in how organisations use personal data and ensure that organisations share data securely and fairly. To achieve this, it is important that data controllers have clear guidance on data sharing so that individuals can be confident that their data is shared securely and responsibly.

A call for views on the data sharing code closed in September 2018. The ICO is currently considering the views presented and expect to launch a further consultation in June 2019 and for the code to be laid before Parliament in the autumn.

Acting on personal data breaches
The ICO received around 14,000 personal data breach (PDB) reports from 25 May 2018 to 1 May 2019, this is in comparison, to around 3,300 PDB reports in the year from 1 April 2017.

12,000 of these cases were closed during the year and of these, only around 17.5% required action from the organisation and less than 0.5% led to either an improvement plan or civil monetary penalty. While this means that over 82% of cases required no action from the organisation, it demonstrates that businesses are taking the requirements of the GDPR seriously and it is encouraging that these are being proactively and systematically reported.

However, figures also show that it remains a challenge for organisations and Data Protection Officer's (DPO) to assess and report breaches within the statutory timescales. The ICO recognise this and do provide support and guidance to help organisations to meet the requirements to report.

Responding to public concerns
Greater awareness of individual rights has meant that the ICO has seen a significant impact on the numbers of concerns raised with it by the public. From 25 May 2018 to 1 May 2019, over 41,000 data protection concerns were received from the public which is almost double for 2017/18 which was around 21,000.

Subject access requests (SARs) remain the most frequent complaint category, representing around 38% of data protection complaints received. This is similar to the proportion before the GDPR (39%). In fact, the general trend is that all categories of complaint have risen in proportion with the overall increased number of complaints since the implementation of the GDPR.

ICO resource
Due to GDPR the ICO's workforce has increased and it is anticipated that by early 2020/21 the ICO will have almost doubled in size over three years. As might be expected, training and developing new staff has been a key feature of the past year.

Looking forward

Even with the changes and achievements in the first year of GDPR, the ICO says that it is clear there is much left to do. It will continue to strive to deliver regulatory outcomes which support its mission of upholding information rights for the UK public in the digital age and the trust and confidence in how data is used.

The ICO will continue to focus on the areas identified as its regulatory priorities. These include:

- cyber security
- AI, big data and machine learning
- web and cross-device tracking for marketing purposes
- children's privacy
- use of surveillance and facial recognition technology
- data broking
- the use of personal information in political campaigns
- freedom of information compliance.

Read the full report from the ICO 'GDPR one year on'

Back to ***Contents***

GDPR leads to a rise in employee confidence in data security

29 May 2019

It is now a year since the General Data Protection Regulation (GDPR) came into force and findings from ADP show that the regulation has had a positive impact on employee confidence around data security.

More than half of respondents (53%) say that they feel confident that their data is stored responsibly and securely by their employer, a rise of six percentage points since 2018.

In May 2018, GDPR was implemented to enhance individual data protection and ensure the privacy of those living within the European Union and Economic Area. The ADP Workforce View in Europe 2019 surveyed over 10,000 employees throughout Europe, including France, Germany, Italy, the Netherlands, Poland, Spain and the UK, and found a positive link that shows employees throughout Europe feel more confident about data security since the legislation was introduced.

However, more than a quarter (26%) of UK employees still worry about the security of their personal data; a figure that rose to more than a third of employees (34%) in France which suggests a significant number of organisations need to do more.

The biggest concern amongst UK employees is that they have no control over the data being stored (11%), followed by worries that their organisation's systems are vulnerable to cyber-attacks or data breaches (9%). A further 8% are concerned that too much data is being held without their consent.

For further details, you can download 'The Workforce View in Europe 2019' report.

CIPP Payroll training courses

The CIPP offer a one-day training course on GDPR and the Data Protection Act 2018. This is available both as face to face classroom learning and online. You can visit our payroll training calendar to view availability by date.

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation. Browse our complete list of payroll industry training courses.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

BA data breach could cost airline £183.39 million

10 July 2019

Following an extensive investigation, the ICO has issued a notice of its intention to fine British Airways £183.39m for infringements of the General Data Protection Regulation (GDPR).

The proposed fine relates to a cyber incident notified to the ICO by British Airways in September 2018. This incident in part involved user traffic to the British Airways website being diverted to a fraudulent site. Through this false site, customer details were harvested by the attackers. Personal data of approximately 500,000 customers were compromised in this incident, which is believed to have begun in June 2018.

The ICO's investigation has found that a variety of information was compromised by poor security arrangements at the company, including log in, payment card, and travel booking details as well name and address information.

Information Commissioner Elizabeth Denham said:

"People's personal data is just that – personal. When an organisation fails to protect it from loss, damage or theft it is more than an inconvenience. That's why the law is clear – when you are entrusted with personal data you must look after it. Those that don't will face scrutiny from my office to check they have taken appropriate steps to protect fundamental privacy rights."

British Airways has cooperated with the ICO investigation and has made improvements to its security arrangements since these events came to light. The company will now have opportunity to make representations to the ICO as to the proposed findings and sanction.

ICO has been investigating this case as lead supervisory authority on behalf of other EU Member State data protection authorities. It has also liaised with other regulators. Under the GDPR 'one stop shop' provisions the data protection authorities in the EU whose residents have been affected will also have the chance to comment on the ICO's findings.

The ICO will consider carefully the representations made by the company and the other concerned data protection authorities before it takes its final decision.

Back to ***Contents***

ICO guidance on cookies and similar technologies

11 July 2019

The Information Commissioners Office (ICO) has published new guidance on the use of cookies and similar technologies which are used for storing information, and accessing information stored, on a user's equipment such as a computer or mobile device.

Since the General Data Protection Regulation (GDPR) came into effect last May, there has been a great deal of interest in how it applies to cookies and similar technologies.

The rules on the use of cookies are in the Privacy and Electronic Communications Regulations (PECR), not the GDPR, however, some of PECR's key concepts now come from the GDPR – such as the standard of consent.

If you operate an online service, such as a website or a mobile app, and need a deeper understanding of how PECR applies to your use of cookies, then you can read the new guidance on the use of cookies and similar technologies.

The new guidance, highlighted in a recent blog from the ICO, is intended to provide more clarity and certainty about how you can use cookies in your online service. The blog also clears up some of the uncertainty that has developed around cookies since last year. Read the blog to find out the facts behind the following myths:

1. We can rely on implied consent for the use of cookies
2. Analytics cookies are strictly necessary so we do not need consent
3. We can use a cookie wall to restrict access to our site until users consent
4. We can rely on legitimate interests to set cookies, so we do not need consent
5. The ICO wants online services to stop using cookies and similar technologies

Back to ***Contents***

Subject access request (SAR) timescale change due to CJEU ruling

16 August 2019

Following a Court of Justice of the European Union (CJEU) ruling, the ICO has updated its guidance around how long an organisation has to respond to a subject access request (SAR).

The guidance stated that SARs must be responded to within one calendar month, with the day after receipt counting as 'day one'.

This has now changed.

'Day one' is now the day of receipt - for example, a SAR received on 3 September should now be responded to by 3 October.

The Information Commissioners Office (ICO) has updated its position on how to calculate the time limit for responding to requests (in relation to Individual rights) following the CJEU determination, which has been adopted by the European Data Protection Board (EDPB). The ICO has also added guidance on the meaning of 'manifestly unfounded or excessive'.

The updated guidance can be accessed through the ICO's website.

Back to ***Contents***

Get your data protection compliance ready for a no-deal Brexit

30 September 2019

If you have customers in the EEA (the EU plus Iceland, Norway and Liechtenstein), you may have to take action before 31 October to keep it business as usual. The Information Commissioner's Office (ICO) has resources to help you with what you need to do, including detailed guidance and interactive checklists.

At the moment personal data flow is unrestricted because the UK is an EU member state. If the proposed EU withdrawal agreement is approved, businesses can be assured that personal data will continue to flow until 2020 while a longer term solution can be put in place.

However in the event of 'no deal', EU law will require additional measures to be put in place by UK companies when personal data is transferred from the European Economic Area (EEA) to the UK, in order to make them lawful.

With one month to go until the UK leaves the EU, the ICO recognise that businesses and organisations are concerned.

Visit the Data protection and Brexit area of the ICO's website for help and guidance.

You can also read Elizabeth Denham's latest myth busting blog which challenges some of the misconceptions about what a 'no deal' Brexit will mean for UK companies transferring personal data to and from the EEA.

Back to ***Contents***

Employment News

Employment Law & Guidance

The Employment Rights (Increase of Limits) Order 2019

4 March 2019

This order increases, from 6 April 2019, the limits applying to certain awards of employment tribunals, and other amounts payable under employment legislation, such as redundancy payments and unfair dismissal awards.

The Employment Rights (Increase of Limits) order 2019 has been laid before Parliament and subject to approval will come into force on 6 April 2019.

Geographical extent – This Order applies to Great Britain; England, Wales and Scotland.

Schedule table of increase of limits

	Relevant statutory provision	*Subject of provision*	*Old Limit*	*New Limit*
1	Section 145E(3) of the 1992 Act	Amount of award for unlawful inducement relating to trade union membership or activities, or for unlawful inducement relating to collective bargaining.	£4,059	£4,193
2	Section 156(1) of the 1992 Act	Minimum amount of basic award of compensation where dismissal is unfair by virtue of sections 152(1) or 153 of the 1992 Act.	£6,203	£6,408
3	Section 176(6A) of the 1992 Act(a)	Minimum amount of compensation where individual excluded or expelled from union in contravention of section 174 of the 1992 Act and not admitted or readmitted by date of tribunal application.	£9,474	£9,787
4	Section 31(1) of the 1996 Act	Limit on amount of guarantee payment payable to an employee in respect of any day.	£28.00	£29.00
5	Section 120(1) of the 1996 Act	Minimum amount of basic award of compensation where dismissal is unfair by virtue of sections 100(1)(a) and (b), 101A(d), 102(1) or 103 of the 1996 Act.	£6,203	£6,408
6	Section 124(1ZA)(a) of the 1996 Act(b)	Limit on amount of compensatory award for unfair dismissal.	£83,682	£86,444
7	Paragraphs (a) and (b) of section 186(1) of the 1996 Act	Limit on amount in respect of any one week payable to an employee in respect of a debt to which Part 12 of the 1996 Act applies and which is referable to a period of time.	£508	£525
8	Section 227(1) of the 1996 Act	Maximum amount of “a week’s pay” for the purpose of calculating a redundancy payment or for various awards including the basic or additional award of compensation for unfair dismissal.	£508	£525

Back to ***Contents***

Consultation on confidentiality clauses

7 March 2019

A consultation has been published on measures to prevent misuse in situations of workplace harassment or discrimination.

The rules around non-disclosure agreements (NDAs) and confidentiality clauses are set to be tightened under new legal proposals announced by Business Minister Kelly Tolhurst.

Many businesses legitimately use NDAs and confidentiality clauses in agreements to prevent disclosure of confidential information. However, in recent months there has been increasing evidence to suggest that NDAs and confidentiality clauses are being abused by a very small minority of employers to intimidate whistleblowers, conceal harassment and discrimination incidents – including sexual assault, physical threats and racism.

The proposals in this consultation will help put an end to the unethical use of these agreements and encourage good practice from employers and lawyers. They include:

- clarifying in law that confidentiality clauses cannot prevent people from speaking to the police and reporting a crime (or prevent the disclosure of information in any criminal proceedings)
- requiring a clear, written description of rights before anything is signed in confidentiality clauses in employment contracts or within a settlement agreement
- extending the law that means a worker agreeing to a settlement agreement receives independent advice; the advice must cover the limits of any confidentiality clauses in the settlement agreement so a person is in full possession of all the relevant facts; this will help to prevent employees from being duped into signing gagging clauses which they were unaware of

The plans are part of the government's ambition to create a fairer workplace as part of the modern Industrial Strategy (published in 2017).

The consultation will run until 29 April.

Back to ***Contents***

Neurodiversity in the workplace

22 March 2019

Acas has made new guidance available to help employers learn about neurodiversity and how to take steps to better support it in the workplace.

Acas describe neurodiversity as being a relatively new term that many people may not yet know much about. It refers to the different ways the brain can work and interpret information and lists neurodivergence as including:

- Attention Deficit Disorders;
- Autism;
- Dyslexia; and
- Dyspraxia.

The guidance from Acas highlights that people naturally think about things differently and that we all have different interests and motivations, and are naturally better at some things and poorer at others. Most people are neurotypical, meaning that the brain functions and processes information in the way society expects.

However, it is estimated that around 1 in 7 people (more than 15% of people in the UK) are neurodivergent, meaning that the brain functions, learns and processes information differently.

According to Acas there is still a lack of understanding around most forms of neurodivergence, and misperceptions persist. It therefore makes sense for organisations to take steps that make their neurodivergent staff feel valued, part of the team and supported to contribute fully towards achieving the goals of the organisation.

Creating a more inclusive workplace can:

- highlight the employer's commitment to diversity and inclusion
- reduce the stigma around neurodivergence
- make staff feel safe and empowered to disclose a neurodivergence
- make it more likely that neurodivergent staff will be treated fairly by their managers and colleagues
- open the organisation up to a pool of talent that may otherwise have been overlooked
- help retain skilled staff and reduce recruitment costs.

According to the CIPD, Tom Neil, Acas senior guidance adviser, said:

"Our guidance aims to help both employers and employees create workplaces where all staff can fulfil their potential. Workplaces are beginning to recognise the unique gifts that neurodivergent staff can bring and it is a great time for employers to start thinking about how they can better support all of their employees."

Acas new guidance - Neurodiversity in the workplace

Back to ***Contents***

Northern Ireland statutory limits on awards and payments

1 April 2019

The Employment Rights (Increase of Limits) Order (Northern Ireland) 2019 revises the limits on awards and payments under certain employment rights legislation in line with the rate of inflation and comes into effect on 6 April 2019.

Table of increase of limits

Relevant statutory provision	*Subject of provision*	*Old Limit*	*New Limit from 6 April 2019*
Article 40(6) of the 1995 Order	Minimum amount of compensation awarded by the industrial tribunal where individual expelled from union in contravention of Article 38 of the 1995 Order and where, when the application is made, the applicant has not been re-admitted to the union.	£9,663	£9,982
Article 23(1) of the 1996 Order	Maximum amount of "a week's pay" for the purpose of calculating a redundancy payment or for various awards including the basic or additional award of compensation for unfair dismissal.	£530	£547
Article 63(1) of the 1996 Order	Limit on amount of guarantee payment payable to an employee in respect of any day.	£28.00	£29.00
Article 77E(3) of the 1996 Order	Amount of award for unlawful inducement relating to union membership or activities, or for unlawful inducement relating to collective bargaining.	£4,260	£4,401
Article 154(1) of the 1996 Order	Minimum amount of basic award of compensation where dismissal is unfair by virtue of Article 132(1)(a) and (b), 132A(d), 133(1), 134 or 136(1) of the 1996 Order.	£6,442	£6,655

Relevant statutory provision	*Subject of provision*	*Old Limit*	*New Limit from 6 April 2019*
Article 158(1) of the 1996 Order	Limit on amount of compensatory award for unfair dismissal.	£83,847	£86,614
Article 231(1) of the 1996 Order	Limit on amount in respect of any one week payable to an employee in respect of debt to which Part XIV of the 1996 Order applies and which is referable to a period of time.	£530	£547

Back to ***Contents***

The Employment Rights (Shared Parental Leave and Flexible Working) Bill 2017-19

9 April 2019

The Employment Rights (Shared Parental Leave and Flexible Working) Bill 2017-19 was presented to Parliament on 3 April 2019.

This is a Private Members' Bill and was presented to Parliament on Wednesday 3 April 2019 by Jo Swinson MP.

This Bill, if approved, will entitle employees to request shared parental leave and flexible working on the first day of employment; to make provision for self-employed persons to take shared parental leave; and for connected purposes.

Back to ***Contents***

Consultation on confidentiality clauses

9 April 2019

The Department for Business, Energy and Industrial Strategy (BEIS) is consulting to better understand how confidentiality clauses and the legal framework around them work in practice and to assess what changes are required to ensure individuals are appropriately protected from their misuse.

Many businesses legitimately use non-disclosure agreements (NDAs) and confidentiality clauses in agreements to prevent disclosure of confidential information. However, in recent months there has been increasing evidence to suggest that NDAs and confidentiality clauses are being abused by a very small minority of employers to intimidate whistleblowers, conceal harassment and discrimination incidents – including sexual assault, physical threats and racism.

The proposals in this consultation will help put an end to the unethical use of these agreements and encourage good practice from employers and lawyers. They include:

- clarifying in law that confidentiality clauses cannot prevent people from speaking to the police and reporting a crime (or prevent the disclosure of information in any criminal proceedings)
- requiring a clear, written description of rights before anything is signed in confidentiality clauses in employment contracts or within a settlement agreement
- extending the law that means a worker agreeing to a settlement agreement receives independent advice; the advice must cover the limits of any confidentiality clauses in the settlement agreement so a person is in full possession of all the relevant facts; this will help to prevent employees from being duped into signing gagging clauses which they were unaware of

The plans are part of the government's ambition to create a fairer workplace as part of the modern Industrial Strategy (published in 2017).

If you would like to respond directly to this consultation, you have until 29 April to do so. BEIS has published an online survey or responses can be sent via email or on paper, details of which can be found on this page.

Back to ***Contents***

Increase in 'gagging orders' for pregnancy related discrimination

23 May 2019

New research from Direct Line Life Insurance reveals that in the last 12 months, more than two thirds (71 per cent) of employment law professionals reported an increase in disputes where employees' working hours were reduced when they returned from maternity leave.

The research, conducted by Pure Profile among 104 employment law practitioners, reveals that despite parents being protected from unfair treatment during pregnancy and maternity or paternity leave by The Equality Act 2010, many employers may be flouting the law.

Unfair dismissal cases are also on the rise, with 70 per cent of employment law experts witnessing an increase in women claiming they were fired when on maternity leave.

Employers are also increasingly turning to so-called 'gagging orders' to ensure confidentiality when settling pregnancy and maternity related discrimination claims. In the last 12 months, 84 per cent of employment law experts have seen an increase in the number of Non-Disclosure Agreements (NDAs) used by employers following pregnancy and maternity-related disputes.

Legal professionals report a rise in the number of cases where women claim they were demoted upon returning to work following maternity leave, with 64 per cent saying these claims have increased in the last 12 months.

Paternity-related claims
Mothers aren't the only ones experiencing an increase in workplace discrimination due to pregnancy. In the last 12 months, there has also been an increase in claims made by fathers. There has been a 63 per cent increase in cases of fathers claiming they have been demoted upon returning to work and a 61 per cent increase in disputes related to promotions while the claimant was on paternity leave. There has also been an increase in men claiming unfair dismissal (59 per cent) and pay disputes (58 per cent) while on paternity leave. Fathers are also claiming employer harassment for taking paternity leave despite it being a legal right, with over half (56 per cent) of legal experts seeing an increase in these disputes in the last 12 months.

Back to ***Contents***

Recruitment and retention allowance introduced to tackle judicial recruitment issues

10 June 2019

Immediate steps to tackle emerging and unprecedented recruitment issues in the senior judiciary have been announced including a temporary allowance to ensure our courts and tribunals system can continue to deliver important services.

For the first time ever in consecutive recruitment campaigns, vacancies in the High Court and at the Circuit bench have had to be left unfilled, raising the risk of vulnerable people waiting longer for life-changing decisions. The impact is already being felt in the family courts, where a shortfall of judges is contributing to significant delays in child care proceedings.

A series of policies have been announced to support recruitment and retention in the judiciary, to ensure our courts and tribunals system can continue to deliver important services.

Responding to a major review from the Senior Salaries Review Body (SSRB), the Ministry of Justice (MOJ) has introduced a temporary recruitment and retention allowance at 25% for High Court judges and 15% for Circuit and Upper Tribunal judges who are eligible for the new pension scheme 2015.

This measure will affect only about a quarter of the salaried judiciary and aims to resolve the immediate recruitment issue until a long-term, sustainable, pension-based solution can be implemented for all judges.

It replaces the existing allowance of 11% for High Court judges and falls below SSRB's recommendation of a 32% permanent salary increase for High Court judges and 22% for Circuit and Upper Tribunal judges covered by the new pension scheme. This strikes a balance between an appropriate investment of public funds and addressing serious recruitment and retention problems.

Lord Chancellor David Gauke said:

"Our judges are a cornerstone of our democratic society - their experience draws billions of pounds worth of business to the UK, and without them people cannot get justice.

We have reached a critical point. There are too many vacancies and with the retirement of many judges looming; we must act now before we see a serious impact on our courts and tribunals.

Judges are in a unique position and once they join the bench are not permitted to return to practice. Without the best legal minds in these seats, everyone that uses our courts will suffer, as will our international reputation.

This temporary allowance, pending long-term pension scheme change, will enable us to continue to attract the brightest and best and prevent delays to potentially life-changing decisions.

The country's most difficult and complex cases are heard by our most experienced judges: safeguarding vulnerable victims against serious violence or child abuse; dealing with gang violence cases involving multiple defendants; and complex fraud cases that can last years."

High Court, Circuit and Upper Tribunal judges in particular play a pivotal role in the justice system but currently more than 10% of High Court judicial positions remain vacant. As things stand the Chancery Division of the High Court is already 20% below strength and will be up to 40% below strength by the end of the year without urgent action.

The announcement responds to a major review from SSRB, submitted last autumn, which identified clear evidence of significant and growing recruitment and retention problems among the judiciary, particularly at senior levels. It found that, by joining the judiciary from private practice, some new judges took a pay cut of up to two-thirds.

While the robustness of the recruitment process rightly reflects the fact that judges must be of the highest calibre to make these life changing decisions, the government's proposal ensures that making a career change remains attractive and will prevent the slowing of cases through the courts, leaving vulnerable people and children at risk.

The government's package of measures in response to SSRB is a temporary measure that aims to resolve this issue until a sustainable, pension-based solution can be implemented for the whole judiciary. The full response can be read on GOV.UK.

Back to ***Contents***

Council staff receive millions in equal pay settlement

11 July 2019

The first equal pay settlements have begun following a deal that was struck for thousands of Glasgow city council workers.

The dispute was one which lasted around a decade but a £548m deal to compensate for years of unequal pay was eventually made earlier this year and thousands of public sector workers are now to begin to benefit.

The deal covers payments to settle up to 16,000 equal pay claims, which was agreed with UNISON, the GMB and the Action for Equality law firm. The vast majority of those are women working in caring, catering and cleaning across the city, although the figure does include a small number of men, including 300 janitors.

The agreement represents compensation for the pay lost due to a discriminatory pay and grading system in place for over 12 years.

Glasgow city council recently finalised a funding deal with Legal & General which has enabled them to make the first batch of payments to claimants. The deal will see Legal & General invest £285m in the city over 30 years, refinancing the council's existing property portfolio.

Council leader, Susan Aitken, said:

"This is a hugely significant step forward for the council and the city as a whole. This deal not only means we can meet our responsibilities on equal pay – but do so while safeguarding the future of the city's property assets in public use."

The council is on track to sign two more funding deals during summer recess to finance the rest of the settlement.

Back to ***Contents***

Acas 2018-19 Annual Report

6 August 2019

The new annual report reveals continued high demand for Acas' conciliation service after the removal of tribunal fees in 2017.

Acas (Advisory, Conciliation and Arbitration Service) provide free and impartial information and advice to employers and employees on all aspects of workplace relations and employment law. People have to notify Acas before they lodge an employment tribunal claim. Acas then offers to reach a settlement to the dispute through its voluntary early conciliation service.

Acas has published its 2018-19 Annual Report which reveals another busy year for its individual dispute resolution service, seeing a further increase in demand following the Supreme Court decision in July 2017 to abolish employment tribunal fees.

Key facts and figures from this year's annual report include:

- Acas' individual dispute resolution service has continued to see an increase in demand. Overall, notifications have increased by 21 per cent compared to the same period the previous year and the number of cases involving a tribunal claim has increased by 40 per cent. Acas recruited and trained 98 new staff to meet the challenges of the increase in workload due to the abolition of tribunal fees.

- Acas continued to conciliate to prevent or resolve disputes between groups of workers and their employer with 607 national and regional disputes in a wide range of sectors in 2018/19. Pay or pay related matters was the top cause of disputes. Acas helped to settle 84 per cent of these disputes.

- There were 1,237,245 contacts through Acas' Helpine and advisory services such as the telephone helpline, helpline online, web chat and facebook messages.

- Acas trained nearly 50,000 people on a range of workplace topics including the latest changes in employment law.

- Acas uses insight gathered from its research and from working with millions of people, employers and stakeholders every year to inform and influence workplace policy and debate. This knowledge has led to Acas developing a new framework for positive mental health that has been presented at conferences and within workplaces across the country.

Further information about early conciliation is available on Acas' website.

Back to ***Contents***

Legal challenge for doctors and teachers over pension schemes

30 August 2019

The government could be facing legal challenges from hundreds of thousands of teachers and doctors relating to changes to their pension schemes according to the lawyers who successfully challenged the government on judicial pensions.

Law firm Leigh Day believes that teachers and doctors have grounds for a legal challenge against the government for age discrimination if they have been moved onto a less beneficial pension scheme.

As was the case with the reformed judges and firefighters pension schemes where transitional provisions were introduced, younger teachers and doctors have been forced to move onto a new government pension scheme which is less beneficial than their old scheme. Older teachers and doctors, who are within 10 years of retirement, have been allowed to stay on the old scheme.

In December 2018 the Court of Appeal ruled that the Ministry of Justice had discriminated against judges on the grounds of age, race and equal pay in relation to changes to their pension. This ruling also covered a separate challenge brought by firefighters in relation to the same issue. In June 2019 the Supreme Court rejected the government's application to appeal the ruling, bringing the case to a close. At this time the government said that it believed that that the difference in treatment will need to be remedied across all those schemes.

Leigh Day believes that this problem persists across the public sector and is preparing to bring a claim on behalf of teachers and doctors against the government.

Back to ***Contents***

Brexit bill will allow British judges to depart from previous rulings of EU's top court

20 December 2019

A Downing street official has confirmed that the government's Brexit bill will enable courts below the Supreme Court to depart from previous rulings of the European Court of Justice (ECJ).

The plans are laid out in the Withdrawal Agreement Bill (WAB), which MPs will vote on this Friday after the Conservatives were re-elected last week. The BBC reports how the PM's spokesman stated that this would mean that judges at lower courts would not be "inadvertently" tied to the rulings "for years to come". To date, only the Supreme Court and the High Court of Justiciary in Scotland were able to depart from the rulings of the ECJ, and the spokesman went on to say that extending the ability to do this to lower courts was an "important change" to ensure that they do not face a "legal bottleneck". He also commented:

"We will take back control of our laws and disentangle ourselves from the EU's legal order just as was promised to the British people."

Critics have commented that the proposals could cause significant confusion, with crossbench peer Lord Pannick QC stating it would "cause very considerable legal uncertainty." There are concerns that the new legislation will mean substantial additional work for lawyers but more importantly, that it could have potentially detrimental effects on many workers.

Clive Coleman, legal affairs correspondent at the BBC, provides an example of how this might apply and how it could affect payroll professionals, and it relates to holiday pay. The ECJ includes overtime in holiday pay and UK courts are

currently bound to this. The pledge could mean that UK courts no longer must comply with this ruling, which could have significant impacts on employees and employers alike across the UK.

After the 11 month transition period that is to be observed after Brexit, an employer could present a case at one of the lower civil courts in the UK and a judge could consider applying a less generous interpretation of the right to paid holidays - one that does not take overtime into consideration.

Former Conservative leader and pro-Brexit European Research Group figure, Iain Duncan Smith applauded the proposal and said:

"This is a critical pledge that puts sovereign rights back in the hands of the UK government and of course the British people."

Boris Johnson is hoping to get a Brexit deal passed through Parliament in the new year, and the intention is for the UK to leave the EU by 31 January 2020. If successful, the UK would adhere to EU rules for an 11-month transition period, which would conclude on 31 December 2020. The WAB due to be approved by the end of the week includes a stipulation that rules out any extension to the transition period beyond the end of next year.

Back to ***Contents***

Revisiting the Queen's speech: Employment Bill

23 December 2019

A brief overview of the Queen's Speech delivered on 19 December 2019 has been published on the CIPP's News Online page but the Policy team wanted to revisit some of the areas that will have the largest impact on payroll professionals and look at them in more detail.

The Employment Bill, discussed in the Queen's Speech background briefing notes provides some interesting insights into some of the changes that will come into effect for both employees and employers.

There is emphasis placed on the establishment of a new single enforcement body. The government published a consultation surrounding this topic, which ran from July to October 2019 and sought feedback on whether establishing a new single enforcement body for employment rights could improve enforcement for vulnerable workers and create a level playing field for the majority of businesses who are complying with the law. We are still awaiting a published response in relation to the consultation but the reference to the new singular enforcement body within the Employment Bill is a good indicator that this is something that the government is planning on implementing in the future.

The (Allocation of Tips) Bill will also come into effect to ensure that the tips left for workers are paid out to them in full and will combat the practice where employers retain a percentage of the tips that employees have earned.

The Bill also discusses allowing parents to take extended leave for neonatal care, a policy that was discussed in the Good Work Plan: Proposals to support families consultation. Again, a response is still pending but the fact that it is present within the Employment Bill is positive news. The Bill also looks at making flexible working the default arrangement for employees and prioritising families in the workplace, which were key issues also addressed in the Good Work Plan consultation. It is very important in contemporary society that employees can balance having a family with going to work and the Employment Bill seems to wholeheartedly embrace that.

There are also elements to the Bill that look at allowing workers to request more predictable contracts and to extending redundancy protections to prevent pregnancy and maternity discrimination. Both pledges serve to protect some of the more vulnerable members of society, so zero-hour and agency workers and pregnant women.

It is encouraging that many of the items discussed within the Employment Bill relate to topics that are being revisited and shows that the government are intending to follow up on issues that they have previously gathered feedback on. There seems to be intense focus on ensuring that employee rights are protected, which is something that the CIPP really applauds.

Back to ***Contents***

Employment Tribunals

Pimlico Plumbers – too late to claim for holiday pay

25 March 2019

The long running legal saga otherwise referred to as Pimlico Plumbers may have come to an end, for now at least, back where it began at the Employment Tribunal.

A journey that has seen Gary Smith and Pimlico Plumbers go all the way to the Supreme Court to establish and uphold worker status and thus the right to for Smith to be paid holiday leave has now received an employment tribunal ruling that confirms that the claim of £74,000 for unpaid holiday fails because it falls outside of the three month rule for claiming.

Pimlico Plumbers had admitted to the claim of unlawful deductions to the value of £336 but denied the payment for holiday pay was due.

Gary Smith is reported to be appealing this ruling.

Back to ***Contents***

Personal Liability of Directors

11 April 2019

The High Court has held that directors of a limited company can be personally liable for its breaches of an employment contract.

In the case Antuzis v DJ Houghton, the Claimants were employed by Houghton in an exploitative manner, working extremely long hours, being paid less than the statutory minimum and frequently not paid the sums due to them. Payments were often withheld and there was no attempt to pay them holiday pay or overtime.

Daniel Barnett's employment law bulletin explains that a director is not generally liable for inducing a breach of contract where they are acting bona fides vis a vis the company. If, however, the breach of contract has a statutory element, that may suggest a failure on the part of the director to comply with their duties to the company, potentially making them liable to a third party (here their employees) for inducing the breach of contract.

In this case, the court concluded that the directors were not acting bona fides vis a vis the company because they did not honestly believe that they were paying the minimum wage, overtime and holiday pay nor that they were entitled to withhold payments. They were therefore personally liable for the breaches of contract that they had induced.

Back to ***Contents***

Being on-call could be classed as time work… but not always

23 April 2019

The Employment Appeal Tribunal (EAT) has recently ruled on whether time spent on call would be considered to be classified as time work in all instances.

Are wardens/receptionists who were on call from evening to morning working on "time work" under the National Minimum Wage legislation?

Yes and no, held the EAT in Frudd v Partington Group. With thanks to Daniel Barnett's employment law bulletin for providing this update.

The Claimants, who worked at a caravan site, were expected to be on-call after their shifts (which finished at between 4.30pm and 8pm) until 8am the following morning. The Claimants argued that whilst on-call they were working on "time work" and so entitled to be paid the National Minimum Wage. The sleep-in exception in the Mencap case did not apply because they were not on a sleep-in.

The EAT upheld the Employment Judge's finding that between the end of their shift and 10pm they were working on time work because their responsibilities included showing round prospective customers and welcoming late arrivals. They were therefore entitled to be paid the NMW for that period.

The Claimants were not, however, required to carry out that work after 10pm, unless they were called out for an emergency for which they were paid. After 10pm, they were therefore not working on time work unless called out and were not entitled to be paid whilst merely on-call.

The full judgment Frudd v Partington Group can be read at Gov.UK.

Back to ***Contents***

Contracts of Employment

17 April 2019

The Employment Appeal Tribunal has concluded that a contract that allows for a discretionary bonus, can be varied so the employee becomes contractually entitled to that bonus.

In the case Bluestones Medical Recruitment Ltd v Swinnerton, Mr Swinnerton worked for Bluestones in a number of jobs before becoming General Manager. In previous roles, his contract allowed for discretionary bonuses. Once he became GM it was intended he be paid a monthly bonus, based on the company's profits. It was also expected he would become a shareholder. The bonus payments were made as loans, which he would later repay from his dividends.

Before becoming a shareholder, Mr Swinnerton was suspended and then dismissed. During his suspension, Bluestones stopped paying the bonuses. The tribunal concluded this was an unlawful deduction of wages.

The EAT found the tribunal hadn't adequately identified the legal mechanism through which the contract was changed or what the new contract required. This failure also meant there was no proper conclusion on whether the payments should be classified as loans and therefore not considered deductions from wages by s27(2)(a) of the *Employment Rights Act*. The case was therefore remitted to a fresh tribunal.

With thanks to Daniel Barnett's Employment Law Bulletin for its coverage of this case.

Back to ***Contents***

Unite secures victory in HS2 overtime and holiday entitlement

11 April 2019

Unite, the construction union, has secured agreement ending the scandal of workers on HS2 being denied the correct overtime rates and deprived of the correct holiday entitlement.

On 26 March 2019 Unite reported that it had discovered workers on the government's flagship HS2 development are being systematically denied their proper holiday entitlement and workers are losing over a hundred pounds a week in underpaid overtime pay.

Unite received multiple payslips from workers employed by labour supplier Bowercross Construction Ltd (BCL) on the enabling work being undertaken at Euston by the Costain/Skanska Joint Venture (CSJV), which reveals the denial of nationally agreed holiday entitlement and overtime rates.

Unite estimates that the failure to pay the correct overtime rates meant that workers were on average being underpaid by over £100 a week.

Following a meeting on 27 March with CSJV, the company has committed to immediately begin paying the correct overtime rates and to increase the holiday entitlement as set out in the 'framework agreement' which agreed between unions and HS2 in April 2016 to ensure good working relationships throughout the project.

CSJV has also committed to provide back pay to all the affected workers who have been underpaid on the site. Unite estimates that the back pay bill is in excess of £1 million.

Even with the victory on overtime and holiday entitlement serious issues remain on the troubled project. CSJV is still refusing Unite access to the canteen to freely speak to workers during their breaks. CSJV allege that a Unite officer speaking to workers during their breaks in the canteen would compromise their "health, safety and welfare". Unite entirely refutes this suggestion and has challenged CSJV to provide evidence for its stance but it has been unable to do so.

Unite national officer Jerry Swain, said:

"…This is the second time that Unite has discovered serious problems with the CSJV contract. Since the overtime and holiday scandal was revealed, workers have come forward to raise fresh issues about pay, conditions, safety and welfare, with Unite..."

Full details can be found on Unite's website.

Back to ***Contents***

Bounty UK fined £400,000 for sharing personal data unlawfully

18 April 2019

The Information Commissioner's Office (ICO) has fined Bounty (UK) Limited £400,000 for illegally sharing personal information belonging to more than 14 million people.

An ICO investigation found that Bounty, a pregnancy and parenting club, collected personal information for the purpose of membership registration through its website and mobile app, merchandise pack claim cards and directly from new mothers at hospital bedsides. But the company also operated as a data broking service until 30 April 2018, supplying data to third parties for the purpose of electronic direct marketing.

Bounty breached the Data Protection Act 1998 by sharing personal information with a number of organisations without being fully clear with people that it might do so.

The company shared approximately 34.4 million records between June 2017 and April 2018 with credit reference and marketing agencies, including Acxiom, Equifax, Indicia and Sky.

These organisations represented the four largest recipients out of a total of 39 organisations which Bounty confirmed it shared personal data with.

The personal information shared was not only of potentially vulnerable, new mothers or mothers-to-be but also of very young children, including the birth date and sex of a child.

Steve Eckersley, ICO's Director of Investigations, said:

"The number of personal records and people affected in this case is unprecedented in the history of the ICO's investigations into data broking industry and organisations linked to this.

Bounty were not open or transparent to the millions of people that their personal data may be passed on to such large number of organisations. Any consent given by these people was clearly not informed. Bounty's actions appear to have been motivated by financial gain, given that data sharing was an integral part of their business model at the time.

Such careless data sharing is likely to have caused distress to many people, since they did not know that their personal information was being shared multiple times with so many organisations, including information about their pregnancy status and their children"

The investigation found that for online registrations, Bounty's privacy notices had a reasonably clear description of the organisations they might share information with, but none of the four largest recipients were listed.

Additionally, none of the merchandise pack claim cards and offline registration methods had an opt-in for marketing purposes.

Back to ***Contents***

Equal Pay and Insolvent Employers

25 April 2019

The Court of Appeal has held that a claim for equal pay which has not been quantified when the employer becomes insolvent, constitutes "arrears of pay" payable under the Employment Rights Act 1996.

In the case of Graysons Restaurants Ltd v Jones, *Daniel Barnett's employment law bulletin provides the following summary:*

Duchy Catering Limited went into administration. Administrators were appointed, who sold its assets to Graysons Restaurants. TUPE applied.

Under Reg 8(5) of TUPE liability for unpaid sums due to employees from an insolvent transferor do not transfer to the transferee, provided these are sums reimbursable by the Secretary of State as identified by the 'relevant statutory schemes' (i.e. Part XII of the ERA 1996). These include up to 8 weeks' arrears of wages.

In this case there were outstanding equal pay claims, although the precise quantification of claims had not yet occurred. The EAT held that equal pay arrears can be "arrears of pay" within the meaning of s184(1) of the ERA and therefore a debt within s182 of the ERA. The Court of Appeal upheld the EAT's decision.

Equality clauses were incorporated into the employees' contracts, as it had been conceded that they were performing work of equal value to their comparators. If that presumption were not rebutted by a genuine material factor defence, the employees had a legal entitlement to be paid in accordance with the equality clauses for work they performed before the appropriate date. The Court of Appeal accepted that, in many cases, there will be practical difficulties with this outcome, but they could not prevail against the obvious meaning of the statute. Nor were they unique to claims for guaranteed payments against the Secretary of State.

To the extent that the liabilities exceeded the statutory limits in Part XII (i.e. arrears beyond eight weeks), these would transfer to Graysons, the transferee, under Reg 4 Of TUPE. That aspect of the litigation had been settled out of court.

Back to ***Contents***

Holiday Pay and Voluntary Overtime

17 June 2019

NHS workers who do overtime on a regular basis or frequently work beyond their normal shifts should now have these extra hours taken into account when their holiday pay is calculated, as a result of a landmark court victory by UNISON.

UNISON took this case of N Flowers and others vs East of England Ambulance Trust to the Court of Appeal in May 2019 after winning employment tribunal and employment appeals tribunal cases in May 2017 and April 2018.

The Court of Appeal has now ruled in favour of a paramedic and 12 of his colleagues who all work for the East of England Ambulance Service. The ambulance staff argued their holiday pay should better reflect the hours they actually worked, rather than be based solely upon their contracted hours.

The ruling could benefit tens of thousands of NHS staff employed under the Agenda for Change payment system and is in line with earlier legal cases, which established that workers should receive the same wages on leave as they do when working. Only doctors, dentists and senior managers will be exempt from the change.

UNISON general secretary Dave Prentis said:

"Before today's judgment NHS workers who did regular overtime or often worked well beyond their shifts saw a drop in their pay whenever they took a well-deserved break.

Leave calculations that weren't based on the extra shifts and hours they did week in and week out meant many were considerably out of pocket.

UNISON always believed that the rules around NHS pay already allowed for overtime and working beyond the end of a shift to be taken into account when calculating holiday pay. Today's judgment confirms that but does highlight another pressing problem.

The NHS urgently needs to recruit more staff so existing nurses, paramedics and other health workers don't have to regularly work overtime simply to keep the service afloat.

This is a victory for all those health service workers who regularly go the extra mile to make sure we receive the best care possible at all times of the day and night."

CIPP Payroll training courses

The CIPP offer a half-day training course on Holiday Pay and Leave which runs on a monthly basis (next one scheduled for 10 July in Birmingham).

The course aims to provide delegates with the underpinning knowledge, case law and statutes which govern holiday pay and leave calculations and apply this knowledge in a range of circumstances, so they can manage this provision for their organisations accurately and professionally.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

Back to ***Contents***

CJEU: Employers must record Working Time

17 May 2019

The Court of Justice of the European Union (CJEU) has held that an employer must keep records of hours worked to fulfil its obligations under the Working Time Directive.

With thanks to Daniel Barnett's Employment Law Bulletin for its coverage of the case Federación de Servicios de Comisiones Obreras (CCOO) v Deutsche Bank SAE.

The CCOO is a trade union in Spain. It brought a group action before the National High Court in Spain against Deutsche Bank. The CCOO sought a declaration that the bank was under an obligation to record the actual daily working time of its employees. Hours worked on a particular day were not recorded.

AG Pitruzzella gave an opinion earlier this year suggesting that the *Working Time Directive* required employers to keep records of actual time worked. The CJEU has now agreed with the Advocate General.

The court decided that if there was no requirement to keep records, it would be impossible to determine "objectively and reliably either the number of hours worked by the worker [or] when that work was done"• . The court went on to hold that:

"In those circumstances, it appears to be excessively difficult, if not impossible in practice, for workers to ensure compliance with the rights conferred on them by Article 31(2) of the Charter [of Fundamental Rights maximum working hours] and by [the Working Time Directive], with a view to actually benefiting from the limitation on weekly working time and minimum daily and weekly rest periods provided for by that directive."

This judgment means that, in order to properly transfer the *Working Time Directive* into national law, a member state must require employers to keep records of hours worked. It appears that the *Working Time Regulations*, and the Northern Ireland equivalent, have therefore not properly transposed the Directive into UK law.

The Government will have to amend both *Working Time Regulations* (or derogate from the Directive where allowed) to avoid the risk of claims against them for failure to transpose the Directive - if EU law remains in force in the UK of course.

Back to ***Contents***

Shared Parental Leave and Sex Discrimination

29 May 2019

The Court of Appeal in Ali v Capita Customer Management Ltd and Chief Constable of Leicestershire v Hextall has held that it is not discriminatory to pay men on shared parental leave less than an enhanced rate paid to women on maternity leave, whether the claim is expressed as direct or indirect discrimination, or equal pay.

There were various claims put forward by both Claimants. Daniel Barnett's employment law bulletin explains the Court of Appeal's decisions as follows:

Direct Discrimination

The exception to a comparison between employees for "special treatment afforded to a woman in connection with pregnancy or childbirth" is wide enough to include enhanced maternity pay. The minimum of 14 weeks' leave required by the Pregnant Workers Directive is not enough to change the position after 14 weeks and:

"The predominant purpose of such leave is not childcare but other matters exclusive to the birth mother resulting from pregnancy and childbirth and not shared by the husband or partner."

Men on parental leave and women on maternity leave are therefore not in comparable positions for the purposes of *Equality Act 2010*.

Equal Pay

A contractual difference in shared parental leave pay between men and enhanced maternity pay for women is properly be characterised as an equal pay claim. The clause in a contract providing women with a higher level of pay is more favourable to women than men.

The *Equality Act 2010,* however, provides that the sex equality clause implied into contracts of employment does not apply where discrimination is specifically excluded elsewhere in the Act. Paragraph 2 of Schedule 7 to the act says:

"A sex equality clause does not have effect in relation to terms of work affording special treatment to women in connection with pregnancy or childbirth."

For the same reasons as direct discrimination, that is wide enough to include enhanced maternity pay. As a result, there is no claim for equal pay as it is specifically excluded by *Equality Act 2010*.

Indirect discrimination

There is a specific exclusion for indirect discrimination claims where they would be equal pay claims except for a specific exception. The exception for equal pay in paragraph 7 of schedule 2 therefore means that an indirect discrimination claim cannot be brought either.

The end result is that all of the Claimants' grounds of appeal were dismissed and one of the Respondent's cross appeals was allowed. All claims were therefore dismissed.

According to People Management, a number of experts have said firms will see the judgment as positive because a ruling in the opposite direction could have seen many employers pulling their enhanced maternity packages.

Back to ***Contents***

Incorporation of Collective Agreement to reduce overtime pay

3 June 2019

The Employment Appeal Tribunal (EAT) has held that a term in a collective agreement reducing overtime pay was not apt for incorporation into an individual employment contract.

Daniel Barnett's employment law bulletin explains in laymen's terms the detail of the ruling.

In the case of Lozaique v Tesco Stores Ltd, Mr Lozaique was employed by Tesco in security. His contract of employment required him to do 20 hours of overtime per week, for which he was entitled to be paid at time and a half. This was confirmed by a letter to him in October 2005.

Tesco argued that a subsequent collective agreement was incorporated into his contract of employment, and that, as a result, the rate for 12 hours of that overtime had been reduced from time and a half to single time. Mr Lozaique brought a claim to recover the shortfall in pay via an unlawful deduction from wages claim in the employment tribunal.

The tribunal rejected the claim and decided the collective agreement was incorporated into the contract, including the section on pay. The tribunal held that the agreement was therefore effective to reduce Mr Lozaique's overtime entitlement.

The EAT allowed Mr Lozaique's appeal. While the collective agreement was expressly incorporated in the contract of employment, the revised term about overtime premiums was not apt for incorporation. The terms in the collective agreement which referred to premiums did not, as a matter of construction, apply to the 20 hours of overtime which were provided for in the 2005 letter. Mr Lozaique had an obligation to do this overtime, and the overtime was not therefore voluntary. The terms about premiums could not therefore displace the provisions of the 2005 letter promising 20 hours of guaranteed overtime.

The tribunal had erred in law in not asking whether each of the relevant terms of the collective agreement was apt for incorporation into the employment contract. The tribunal assumed that, having decided that the collective agreement was incorporated into Mr Lozaique's contract, it followed that every term of the collective agreement was also incorporated. That, said the EAT, "was a non sequitur".

Nor had the contractual position changed by custom and practice. It is settled law that a term implied by custom and practice cannot contradict an express term of the contract (here, the 2005 letter).

Back to ***Contents***

PSNI holiday pay case could have UK-wide implications

25 June 2019

The decision by the Court of Appeal in Belfast on the PSNI's liability for historic holiday pay could ultimately have repercussions for employers elsewhere in the UK.

Out-Law News from Pinsent Masons has reported that as a result of Northern Ireland not enacting legislation to mirror the two year cap on holiday claims in force in Great Britain since July 2015, employers in the region have relied upon the three month gap rule set out in the Bear Scotland case to try to limit historic liability on holiday pay claims.

The judge in the Bear Scotland case held that a gap of more than three months in a 'series of unlawful deductions' from holiday pay breaks the series, meaning that limitation provisions kick in to restrict claims for back pay. However, in the recent ruling in favour of Police Service of Northern Ireland (PSNI) police officers and civilian staff, the Northern Ireland courts explicitly rejected this approach on the grounds that it can "lead to arbitrary and unfair results" and there was "nothing in the [Employment Rights (Northern Ireland) Order] which expressly imposes a limit on the gaps between particular deductions making up a series".

The Court of Appeal ruled that back payments of holiday pay owed to PSNI staff should reflect overtime and allowances paid during a 'reference period' before the holiday, as well as basic pay; confirming an earlier decision by the industrial tribunal.

However, the appeal court went further than the tribunal in some respects, ruling that the relevant 'reference period' was the number of days that worker had actually worked in the previous year, rather than the full calendar year. It also found that what should be caught by the definition of 'normal pay' for each worker was a question of fact, and urged the parties to agree a "pragmatic, administration-friendly method" for settling individual claims.

BBC News reported that PSNI staff affected by the case could be owed an average of £10,000 worth of back payments stretching back over 20 years, with a combined value of £40 million, following the appeal court's verdict.

Trade union NIPSA said the ruling could go beyond the public sector and affect private sector employees as well.

"Businesses should health-check their payment practices and make sure they are compliant" said Belfast-based employment law expert Craig Patterson of Pinsent Masons and that the court had *"confirmed Northern Ireland's divergence from the Great Britain position on the potential liability for holiday claims".*

"Given the sums of money at stake, it could reasonably be expected for this case to progress to the next stage – i.e. the UK Supreme Court. If that happens, it is possible the Supreme Court justices could approve the NI Court of Appeal decision, in which case employers in Great Britain as well as Northern Ireland could be exposed to significantly larger claims owing to the rejection of the three month gap rule set down in Bear Scotland."

Craig Patterson said that following this ruling, businesses should do three things:

- if they haven't already done so, health-check their payment practices and make sure they are compliant;
- assess their potential liability if they identified a current or historic issue; and
- consider or take advice on how they wish to proceed.

Back to ***Contents***

NI Court of Appeal ruling on unlawful deductions

9 July 2019

The Court of Appeal of Northern Ireland has confirmed in the case of Chief Constable of the Police Service of Northern Ireland v Agnew (and others) that a series of deductions will not necessarily be broken where there is a gap of 3 months between deductions.

Howes Percival summarises:

The Court found that there was nothing in the Employment Rights (Northern Ireland) Order 1996 ("ERO") suggesting a limit on gaps between unlawful deductions. It recognised that unlawful deductions can occur at different intervals and in different amounts, provided there is sufficient frequency of repetition in the deductions.

The Court pointed out, however, that it is vital to identify the alleged series. Where there is sufficient similarity of subject matter so there is a factual link between deductions that will be sufficient to amount to a series. This suggests that where there is insufficient factual link, a series could still be broken by a gap of three months or more.

Whilst this decision relates to the Northern Irish law, and is therefore not binding on English Employment Tribunals, it is persuasive. The ERO is identical to its UK equivalent, the Employment Rights Act 1996 and therefore the decision in Agnew could turn out to be very compelling in cases of a similar nature.

Employment Law partner at Howes Percival Paula Bailey commented:

"Employers should take a keen interest in this case. It is likely to be appealed which could result in a Supreme Court ruling that is binding on all UK employers. Depending on how that is decided, it could bring into question the enforceability of the Deduction from Wages (Limitation) Regulations 2014 (SI 3322/2014), which limits back pay claims to two years, resulting in increased liabilities for employers."

Back to ***Contents***

TUPE: Keeping Minimum Wage Records

15 July 2019

The Employment Appeal Tribunal has held that the obligation to keep and therefore produce wage records for transferring employees does not remain with the transferor in a TUPE transfer.

Daniel Barnett's employment law bulletin summarises the case of Mears Homecare Limited v Bradburn and others:

Section 9 of the National Minimum Wage Act 1998 (NMWA) imposes an obligation on employers to keep pay records. The obligation remains where the employee's employment has ceased. A worker has the right to require their employer to produce pay records if they believe on reasonable grounds that they may have been paid less than the national minimum wages.

The Claimants transferred to new employers under TUPE. Around four months later, they served production notices on the Respondent requesting wage information. The Respondent failed to respond to the production notices within the 14 day time limit. The tribunal ordered them to pay £600 to each Claimant, that sum being 80 times the hourly rate for national minimum wage.

The EAT overturned the decision, finding that under a TUPE transfer, employment does not cease for the purposes of the NMWA, it continues but with the transferee. Liability to keep pay records transfers from transferor to the transferee.

The EAT recognised that it may be more convenient for the transferor to maintain pay records as they had collated them but said that was not a good reason for the obligation not to transfer. There was no reason why the transferee should not be in a position to insist that pay records are delivered by the transferor as part of the transfer agreement reached.

Back to ***Contents***

Employees who covertly record Meetings

18 July 2019

The Employment Appeal Tribunal has held that it is misconduct for an employee to make a covert recording at work, except in the most pressing of circumstances.

Daniel Barnett's employment law bulletin explains that in the case of Phoenix House v Stockman the Claimant disclosed, during her successful unfair dismissal claim, a covert recording she had made during employment. The employer contended that her compensation for unfair dismissal should be reduced on 'just and equitable' grounds and under the *Polkey principle, to reflect her pre-dismissal conduct in making a covert recording, as doing so without pressing justification was misconduct.

The EAT rejected the Respondent's attack on the tribunal's approach to reductions; the tribunal was entitled to come to its conclusions on the facts and it did not err in law.

The EAT's reasons contain observations on the varied circumstances in which covert recordings might be misconduct. It is good employment practice for an employee or employer to say if there is any intention to record a meeting, and it is generally misconduct not to do so, except in the most pressing of circumstances.

The purpose for making a covert recording may vary from attempting entrapment to guarding against misrepresentation. The nature of what is recorded can also be relevant, varying from a meeting where a record is normally kept, to highly confidential or sensitive information relating to the business or other people. An employee might have been told not to record a meeting, or might have recorded it without giving thought to the blameworthiness of doing so. Practitioners may note the EAT's observation that employers rarely list covert recording as an example of gross misconduct in disciplinary procedures.

Polkey principle

If an award to a claimant is made in an unfair dismissal case, it usually consists of two elements: a basic award and a compensatory award. The basic award is based on pay, age and years of service, and the compensatory award covers the financial loss relating to the dismissal. Both are subject to limits and potential deductions. One of the most common deductions to compensatory awards is called the Polkey deduction (or reduction) and it can occur when an employer has been found to have acted unfairly in dismissing an employee by failing to follow correct procedure.

Read more from Acas on understanding the Polkey deduction.

Back to ***Contents***

Employer Counterclaims

19 July 2019

The Employment Appeal Tribunal has held that an employer's counterclaim can continue even if the employee has withdrawn their breach of contract claim.

The Claimant (a sales consultant) brought a number of claims following his dismissal, including unfair and wrongful dismissal, arrears of pay, and claims for other payments.

Daniel Barnett's employment law bulletin summarises the case of Cortel Telecom Ltd v Shah.
The Respondent brought a contractual claim for overpaid salary and the value of lost business. At the hearing, the Claimant withdrew most of these including a breach of contract claim, limiting his claim to unlawful deduction from wages. On that basis, the tribunal held that the Respondent's contractual claim could not proceed. However, it went on to uphold his wrongful dismissal claim and award the Claimant his notice pay.

The EAT held that the tribunal had overlooked that, following *Delaney v Staples*, a claim for notice pay cannot be brought as an unlawful deduction from wages. The claim for wrongful dismissal was properly brought but this meant that the Respondent was still entitled to have its contractual claim heard, whether or not the Claimant withdrew or abandoned his claim.

This case is a useful warning to Claimants (and their representatives) to think carefully before bringing a contractual claim as once the door is opened to a counterclaim it won't be closed if that initial claim doesn't proceed.

Back to ***Contents***

Agency Worker v permanent employee

30 July 2019

The Court of Appeal has held that an agency worker is not entitled to be offered the same number of hours of work as those performed by a permanent employee.

In the case Kocur v Angard Staffing Solutions Limited:

The Agency Workers Regulations 2010 entitle an agency worker to the same conditions of work as a permanent employee, but this does not extend to an entitlement to be offered the same number of hours of work as those performed by a permanent employee.

The Court of Appeal held the purpose of The Agency Workers Regulations 2010 was to ensure the equal treatment of agency workers and permanent employees while at work, and in respect of rights arising from their work.. The Regulations did not regulate the amount of work which agency workers were entitled to be given.

With thanks to Daniel Barnett's employment law bulletin for providing this update.

Back to ***Contents***

Supreme court ruling to apply to all public sector pension schemes

30 July 2019

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination.

Background
The pension scheme changed on 1 April 2015 from a Final Salary Scheme to a Career Average Revalued Earnings Scheme (CARE) where members starting after 1 April 2015 would join the 2015 Scheme. Unprotected members of the 1992 and 2006 Final Salary Schemes moved into the 2015 Scheme on 1 April 2015. Protected members of the 1992 and 2006 schemes, depending on the level of protection, either stayed in their existing scheme or moved into the 2015 Scheme when their protection ceased.

In December 2018, the Court of Appeal held that transitional protections that sheltered older judges and firefighters from the significant reductions in pensions entitlements which the claimants suffered as a result of the public sector pensions changes in 2015, were unlawfully discriminatory. It also held that the desire to protect older judges/firefighters when they would have been least affected by the 2015 changes was 'irrational' and that the absence of evidence supporting this aim meant that there was no basis on which it could have been found to be legitimate. The Court of Appeal also found that the age protection was indirectly discriminatory on the grounds of sex and race.

Permission to appeal denied
On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination.

The Chief Secretary to the Treasury, Elizabeth Truss responded to the decision in a written statement saying that the Government respects the Court's decision and will engage fully with the Employment Tribunal to agree how the discrimination will be remedied.

The ruling relates to the 'transitional protection' offered to some members when the reformed schemes were introduced. In order to ensure people close to retirement age were treated fairly, the government agreed to 'transitional protection', which broadly permitted those members who were closest to retirement at the time new pension schemes were introduced to remain members of their respective old schemes.

The court has found that those too far away from retirement age to qualify for 'transitional protection' have been unfairly discriminated against. As 'transitional protection' was offered to members of all the main public service pension schemes, the government believes that the difference in treatment will need to be remedied across all those schemes. This includes schemes for the:

- NHS
- civil service
- local government
- teachers
- police
- armed forces
- judiciary
- fire and rescue workers.

The Chief Secretary said that continuing to resist the full implications of the judgment in Court would only add to the uncertainty experienced by members.

The matter will be remitted to the Employment Tribunal in respect of the litigants in the firefighters and judicial pension schemes. It will be for the Tribunal to determine a remedy. Alongside this process, government will be engaging with employer and member representatives, as well as the devolved administrations, to help inform government proposals to the Tribunal and in respect of the other public service pension schemes.

Initial estimates suggest remedying the discrimination will add around £4bn per annum to scheme liabilities from 2015.

The Chief Secretary ended her letter confirming that the reasons for the 2015 reforms remain:

"that public service pensions are a significant cost for the taxpayer, now and in the future."

And that the judgment does not alter the government's commitment to ensuring that the cost of public service pensions are affordable for taxpayers and sustainable for the long term.

Back to ***Contents***

The impact of the immigration rules on employment contracts

5 August 2019

The Court of Appeal recently ruled on the enforceability of the employment contract in cases where there has been a breach of immigration rules.

With thanks to Danial Barnett's Employment Law Bulletin for the summary of this case:

Can an employer rely on a breach of the immigration rules to argue that an employment contract is unenforceable?

No held the Court of Appeal in Okedina v Chikale.

Ms Chikale was a Malawian national who was summarily dismissed as Mrs Okedina's live-in housemaid having been paid a derisory sum for the work done. Mrs Okedina argued that the claims of unfair dismissal and unlawful deduction from wages could not succeed as Ms Chikale was working illegally because her leave to remain had expired.

The Court of Appeal held that Immigration Asylum and Nationality Act 2006 was not directed at those working illegally but instead imposed penalties on those who employed people who were. As the employment tribunal had found that Ms Chikale had not knowingly participated in any illegality, there was no reason to deny her a remedy.

The case is worth reading by those interested, for its detailed consideration of the illegality defences.

Back to ***Contents***

Holiday pay calculations for term-time workers

8 August 2019

The Court of Appeal has held that holiday pay for a teacher in permanent employment but working term-time only on irregular hours, should be calculated based on a 12-week average of hours worked.

Daniel Barnett's employment law bulletin summarises the case of The Harpur Trust v i:

The Claimant is a music teacher in permanent employment but working term-time only, on irregular hours (around 32) per week. The EAT held that her holiday pay should be calculated based on a 12-week average of hours worked, making, on her hours, holiday pay around 17.5% of annual pay, rather than 12.07% for staff working a whole year (based on 5.6/46.4 weeks).

The Court of Appeal declined to overturn the EAT's judgment, coining the term 'part-year worker' for those employed all year round but not working the whole year. The Court rejected the School's argument that a pro rata principle should be applied to the accrual of leave for 'part-year workers'; EU law did not require leave to be reduced pro rata, and it wasn't necessary to apply a pro rata principle to the accrual of leave under the *Working Time Regulations*.

The Court noted that not applying the pro rata principle could lead to anomalous results if 'part-year workers' worked a few weeks a year but still had 5.6 weeks leave per year, but if employers take on such staff on permanent contracts (e.g. due to Disclosure and Barring checks), who would not get the benefit of more leave, the advantages of permanent employment may come with additional costs in holiday pay, which wouldn't apply to freelancers. The Court noted that the circumstances of part-year workers may vary widely (from offshore oil rigs to education), and the approach in this case is straightforward and should be followed.

CIPP comment

There is never a bad time to review processes and if you are responsible for holiday pay calculations for part-year or term-time workers, then in light of this ruling you could err on the side of caution and see if any employment contracts require revision. What we don't yet know however, is whether this case will progress to the Supreme Court - one to watch.

Back to ***Contents***

Subject access request (SAR) timescale change due to CJEU ruling

16 August 2019

Following a Court of Justice of the European Union (CJEU) ruling, the ICO has updated its guidance around how long an organisation has to respond to a subject access request (SAR).

The guidance stated that SARs must be responded to within one calendar month, with the day after receipt counting as 'day one'.

This has now changed.

'Day one' is now the day of receipt - for example, a SAR received on 3 September should now be responded to by 3 October.

The Information Commissioners Office (ICO) has updated its position on how to calculate the time limit for responding to requests (in relation to Individual rights) following the CJEU determination, which has been adopted by the European Data Protection Board (EDPB). The ICO has also added guidance on the meaning of 'manifestly unfounded or excessive'.

The updated guidance can be accessed through the ICO's website.

Back to ***Contents***

Working Time Detriment Claims

23 September 2019

In order to succeed in a claim for detriment or automatic unfair dismissal, does an employee need to explicitly refuse to comply with a requirement imposed in contravention of the Working Time Regulations?

Yes, held the EAT in Pazur v Lexington Catering Services Limited.

Daniel Barnett's employment law bulletin has provided the following summary.

The Claimant worked as a Kitchen Porter, and was denied his right to a rest break (under Reg 10 WTR) when assigned to work for a client. He refused to return to work for the client, leading to him being threatened with dismissal and then subsequently dismissed. He claimed that the threat of dismissal was an unlawful detriment under s45A ERA and that he was automatically unfairly dismissed under s101A ERA.

In order for such claims to succeed, a tribunal must be satisfied that:

(a) That the employer imposed or proposed to impose a requirement on the Claimant;
(b) That requirement was in contravention of the WTR;
(c) The Claimant refused to comply with that requirement;
(d) That refusal was the reason for the detriment and/or dismissal.

The tribunal held that although requiring the Claimant to return to the client amounted to the imposition of, or proposed imposition of, a requirement in contravention to the WTR, they were not satisfied that the Claimant had refused to comply with that requirement, as although he had in fact not complied, he had not explicitly said he was refusing to do so. The Claimant appealed.

The EAT held that the tribunal had correctly considered whether the Claimant had explicitly refused (or proposed to refuse) to accept the requirement. They noted that if simple non-compliance (such as not turning up) was enough, Parliament would not have used the word "refuse" in the legislation. Consequently, there needed to be an explicit communication of the Claimant's refusal.

Despite this, on the facts of the case, the EAT allowed the appeal as they concluded that the tribunal had made a finding elsewhere that the Claimant had in fact explicitly refused to return to the client because he had been refused his break.

Back to ***Contents***

HMRC wins IR35 case against BBC presenters

23 September 2019

HMRC has won an IR35 tribunal case at the High Court against three BBC presenters who will now have to pay back thousands of pounds in taxes through their personal service companies.

There have been a series of tribunal rulings involving television presenters which have seen varying outcomes. In this latest case the tribunal found that that they had effectively been forced into contracting through personal service companies by the BBC, arguing that there was an "imbalance of bargaining power".

The judges said: "The BBC were in a unique position and used it to force the presenters into contracting through personal service companies and to accept reductions in pay."

Despite this, in a decision which split the judges, David Eades, Tim Wilcox and Joanna Gosling were all deemed to be employees in all but name, which makes them liable to be taxed under IR35 rules. HMRC had pursued the trio for £920,000 in unpaid taxes.

The presenters argued that they were self-employed, but the court ruled that because they were told how, where and when to work, that the "assumed relationships were ones of employment". However, the Treasury's claim that the presenters acted in bad faith was dismissed.

In a joint statement, the three presenters said, "We have endured eight years of HMRC investigation and eventual determinations to reach this point on what is clearly a difficult and unclear subject even for judges. It has been a depressing and stressful period for each of us. However, we are grateful that the judgement, in its entirety, shows we have acted in good faith throughout."

The BBC has acknowledged responsibility for the contracts and has said it will help to resolve the cases. Around £200,000 of the bill is employers' National Insurance, which the BBC will have to settle.

From April 2020, changes will be introduced to the Intermediaries legislation, more commonly known as the IR35 rules, which will place the onus on medium and large-sized private sector bodies to check whether contractors fall within the IR35 legislation.

These rules have been in place for public sector organisations contracting workers supplied through their own personal service companies (PSCs) since 2017.

CIPP Payroll training courses

The CIPP offers a one-day training course on Employment Status and Modern Working Practices.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

Redundancy Pay Cap

26 September 2019

The Employment Appeal Tribunal has held that if an employee claims contractual and statutory redundancy payments at a tribunal, the statutory redundancy pay does not count towards the £25,000 cap for a breach of contract claim.

Daniel Barnett's employment law bulletin provides a summary of the case 'Uradar v Lancashire Care NHS Foundation Trust'.

The Claimant's enhanced contractual redundancy entitlement was £43,949.04, contractually deemed inclusive of statutory redundancy pay (here £5,868). After dismissing the Claimant in a redundancy exercise, the Trust refused to make any redundancy payments, asserting that it had offered suitable alternative employment. The tribunal upheld the employee's entitlement to both statutory and contractual redundancy pay, the latter payment capped at £25,000 by the limit in the *Extension of Jurisdiction Order 1994*. The tribunal held that the statutory redundancy pay was 'subsumed' with the contractual claim, so awarded £25,000 (not £25,000 + £5,868).

The Employment Appeal Tribunal (EAT) held that the tribunal erred in law, there were two causes of action, statutory redundancy pay and breach of contract. The doctrine of 'merger' found in wrongful dismissal claims whereby tribunal and (uncapped) civil court claims can't both be brought did not apply; the right approach here was to award £25,000 for breach of contract and £5,868 for statutory redundancy pay.

The EAT commented that the £25,000 cap on contractual claims, unchanged since 1994, could be raised by a statutory instrument, and that the present cap can produce real injustice and was out of step with the wider powers of tribunals in other areas.

Back to ***Contents***

Tribunal ruling serves important reminder to employees surrounding paperwork

18 October 2019

Cindy Riquier has lost the case in which she asserted that her employer was to blame for underpayment of her personal tax in relation to the tax year 2015-2016. In a complex dispute, Riquier explained how she had held two jobs in the month of December 2015 but that she joined one company, Towergate whilst serving her notice period with another business, Intelligent Positioning.

On her P46, the now defunct document that has been superseded by the starter declaration form, she selected option B. Option B states that this is a person's only job but that they have held another job since the start of the current tax year – based on 2015-2016, this would mean an employer would place their new member of staff on tax code 1060L W1/M1 as per HMRC legislation. She advised that she made this choice as, whilst on her notice period with Intelligent Positioning, she was not expected to physically attend work and so maintained that her new employment with Towergate would now be classed as her only employment.

The real issue originates from the fact that, due to her selection, she received two tax free allowances in the month of December 2015, which led to an underpayment of £1,227.85 in tax to be repaid. Riquier upheld that this was her employer's mistake for placing her on an inaccurate tax code but this was overruled as it was deemed as her own for responsibility completing paperwork incorrectly. Towergate had proceeded exactly how the law dictated, based on the information Riquier had provided. Her counterargument was that there was no option available that accommodated her situation.

Notes held surrounding the case also reference the fact that Riquier had not disclosed foreign income she had received on her self-assessment, which she would also be required to pay tax liabilities on. The claimant didn't appear to contend this matter and was primarily concerned with the underpayment of tax through PAYE.

Although the P46 document is no longer in use, the starter declaration form offers the same options for new employees to select when they commence employment. This tribunal acts as a stark reminder that employees need to read and complete any payroll documentation accurately and completely or face the potential consequences of incorrect paperwork, which could prove to be rather costly!

Back to ***Contents***

Court rules in favour of nurse in case surrounding unfair dismissal

28 October 2019

An employment tribunal has unanimously voted that Mr J. Horn, the claimant and a senior nurse, had been unfairly dismissed by Grampian Health, the respondent and his employer, on the grounds of disability.

Mr Horn, a senior member of the nursing team, had his contract terminated by his employer during a phased return to work after being absent for an extended period of sick leave. The initial cause of the claimant's depressive illness was attributed to feeling stressed at work due to staff shortages and there were several developments in his department that culminated in Horn being signed off as long-term sick.

In time, Horn went back to work on a phased return plan but then an anonymous claim was submitted that he had received payment for external work whilst signed off sick. A HR investigation maintained that Mr. Horn had not done anything wrong, but the accusation and investigation process only served to heighten his underlying condition. This resulted in a period of annual leave being taken and then a further period of absence in relation to sickness of 42 days.

The claimant was invited to attend a meeting, but sufficient warning was not given that it would be formal or that dismissal could potentially be one of the outcomes. A ten-minute meeting, which was not documented, resulted in Mr. Horn's contract being terminated on the grounds of ill health.

The Employment Tribunal (ET) ruled that Horn's dismissal was unfair and that he had been subject to discrimination in relation to his disability. The verdict was cast on the basis that the meeting that was held involved 'no meaningful discussion' and no alternative options were provided to the claimant. It was also held that HR had not applied fair consideration to his disability when making the decision to dismiss him.

Back to ***Contents***

Christa Ackroyd loses IR35 appeal against HMRC

29 October 2019

TV presenter Christa Ackroyd has lost her appeal against HMRC relating to an underpayment of tax and National Insurance.

Ackroyd is a British presenter and journalist who was classed as self-employed during the period of 2001-2013 in which she worked for the BBC on the show 'Look North'. She was paid for her services via a Personal Service Company (PSC) but it has been concluded that she should have been treated and paid in the same manner as an employee, which has resulted in her receiving a substantial tax bill relating to this period of employment.

The main counter to the journalist's appeal was that she would have been classed as employed had she provided her services directly to the client, without the involvement of a PSC and that the BBC dictated what Christa worked on and when and exerted high levels of control around her work, much like the treatment of someone with deemed employee status. She contested a previous ruling which stated that she would have to pay over £400,000 in relation to underpaid tax, but she has lost the appeal and must pay what she owes across to HMRC.

Back to ***Contents***

Samira Ahmed vs. BBC: tribunal over equal pay

30 October 2019

The BBC is appearing in court this week against one of its presenters, Samira Ahmed, who alleges that she has been disproportionately paid as a direct result of her gender.

Ahmed refers to the pay she received for her work on Newswatch, which is a 15-minute programme that seeks feedback from the public relating to the content delivered on the BBC. Points of View is another BBC offering, presented by Jeremy Vine, which Ahmed argues covers the same ground as Newswatch. She reveals that whilst she received £440 per show, Vine could command up to £3,000 per episode of Points of View, and she argues that the work undertaken by each presenter was comparable and therefore, their pay packets should have reflected this.

Coverage from The Guardian details how Ahmed was joined by fellow female colleagues and received applause when she arrived at the court on the morning of Monday 28 October. The National Union of Journalists (NUJ) is representing the presenter and will assert that Ahmed is entitled to equivalent pay for equivalent work, suggesting that the gender pay gap at the BBC is 'monumental'. It is expected that the BBC's legal team will counter with the argument that the programmes are different in their formats and are also aimed and intended for different demographics.

The BBC did publish its gender pay gap report results for 2019 which alluded to a reduction in the gap for that year but it did acknowledge and address the issue of having too few women engaged in more senior ranked positions. The mean gender pay gap for 2019 was reported as being at 6.8%.

The tribunal is expected to span over the next seven days and the CIPP will report any updates or results of the case in our News On Line articles to keep you all informed.

Back to ***Contents***

Tribunal rules that Ryanair discriminated against staff member with brain tumour

5 November 2019

An Employment Tribunal (ET) has unanimously ruled that Ryanair discriminated against one of its employees who had a disability, which led to constructive dismissal.

Ms M Dworak worked for the airline between 2004 and 2018 but, when diagnosed with a brain tumour in 2017, she suffered discrimination on the grounds of her disability. The ET heard that the company failed to comply with the employee's numerous requests for work that did not require her to fly, and that included ground-based tasks only. This was even after her doctor provided her with a statement of fitness for work with the recommendation of amended duties and adjusted hours.

During several exchanges between Dworak and Ryanair's HR department, she was told that there was no suitable work available for her, and that she should check the company's website to look for any potential suitable vacancies. The Judge observed that this was not the action of making reasonable adjustments to account for Dworak's disability. For her to have to apply for a job through the standard recruitment process did not reflect her position as a current, disabled member of staff but put her in the same running as an external, non-disabled candidate.

In 2018, Dworak lodged a grievance but her complaints were ignored. She was advised of jobs she could apply for, but they were not suitable due to location or because of the duties that were involved, which she could not undertake due to her disability.

Dworak eventually resigned and found employment with a different company. The ET ruled that this was constructive dismissal and that the employee had been discriminated against.

The Tribunal serves as an important reminder to employers to be prepared to make reasonable adjustments for disabled staff and what the consequences of not doing so are. If there is no suitable alternative work available, then businesses need to provide evidence as to why, instead of just refusing to provide work. If there is a role that would be suitable, this should be presented to the staff member without the requirement to apply for it.

Back to ***Contents***

NHS worker overpaid by £21,000 will not pay money back

5 November 2019

The BBC has reported how health worker, Lauren O'Keefe, who was overpaid £21,000 due to an administrative error, will not have to repay the money.

O'Keefe, a 25-year-old from Wales, was a zero hours worker who also received a fixed salary payment in addition to money for the hours she worked. The total figure equates to £21,524 that was paid to her in error over an 18-month period.

She claims that she initially thought the additional payments related to tax refunds but admitted that she did eventually realise that the money was being incorrectly paid to her account. She spent the additional funds despite this knowledge and paid for a beauty course and day to day expenses.

O'Keefe was dismissed following an investigation into the overpayments by the counter-fraud service. She was sentenced to six months' imprisonment suspended for 12 months on the count of fraud and ordered to carry out 180 hours of unpaid work, but she will not have to repay any of the money back.

This case is particularly poignant as the money overpaid should have been spent on other NHS resource and services. It is case that demonstrates that payroll departments should have proper processes in place to prevent overpayments and that there should be resource dedicated to investigating the issue. Whilst there is the initial financial issue of an

overpayment, there are also significant effects on payroll teams in terms of rectifying the problem and ensuring everything is dealt with in line with legislation.

CIPP comment

The CIPP offers a half-day training course surrounding the issue of overpayments. The agenda includes identifying common causes of overpayments and looks at the complexities surrounding whether there is a right to reclaim erroneous payments. The next course takes place in Manchester on 19 November 2019.

Back to ***Contents***

HMRC loses IR35 case against Richard Alcock

5 November 2019

The Financial Adviser has confirmed that HMRC has lost its case regarding IR35 against Richard Alcock.

HMRC concluded that Alcock was liable for £243,000 in tax as it claimed that he held employment status with Accenture and the Department for Work and Pensions (DWP) when he provided services to them. He was paid as a consultant via his company, RALC Consulting, and asserts that there was no mutuality of obligation between himself and his end clients.

The Check Employment Status for Tax (CEST) tool provided by HMRC to establish whether a worker should be classed as employed or self-employed doesn't include any questions relating to mutuality of obligation. HMRC's rationale behind this is that all contracts have mutuality of obligation otherwise no contract would exist in the first place. This stance has been heavily criticised by a variety of organisations, including the CIPP, because they argue that the CEST tool is not completely aligned with case law and is therefore redundant.

Alcock's representatives argued that there was no minimum obligation for the end clients to provide work and that any work to be done was agreed, completed and only that work was paid for with no guarantee of continued, future work. He could therefore not be classed as an employee but would be categorised as a contractor and as a result, is not liable for the tax figures proposed by HMRC.

There has been a flurry of cases surrounding IR35 in recent times, some which rule in the favour of contractors, and others which HMRC has won. The upcoming reforms to IR35, to be introduced in April 2020, shift responsibility from contractors to determine their employment status to the engager, who will now need to determine whether someone is deemed as falling 'inside IR35' or not. This practice is already in force within the public sector but is being rolled out to any private sector organisations that are not deemed 'small'.

CIPP comment

The CIPP is running a webinar in relation to the reforms around off-payroll working, which can be accessed here. The webinar runs twice a month and will help delegates to ensure that they are complying with the new obligations that will soon be in place. As this is such a hot topic, the CIPP also offers a classroom learning based half day course – Off-payroll working and other employment status considerations. This looks at off-payroll working in further detail, discusses the importance of determining employment status and gives an overview of modern working practices. The next course will be held on 11 December 2019 in Manchester and can be booked here.

Back to ***Contents***

TV presenter, Helen Fospero wins against HMRC in the latest IR35 case

7 November 2019

Helen Fospero, an ITV morning presenter, has won a Tribunal against HMRC in the latest of a series of IR35 cases. Fospero worked for ITV through her limited company, Canal Street Productions Ltd, in tax years 2012-13 and 2013-14.

She was handed a tax bill of approximately £80,000 which a Tribunal has ruled isn't valid as she was not classed as being 'inside IR35' for the engagements during this period. This was because she worked several short-term engagements but was not guaranteed, and there was no obligation to provide, further work. Nor was she expected to accept further work, resulting in the definition that she was self-employed. It was also observed that she provided external work during this time and wasn't always working exclusively with ITV.

The case is the latest to cast aspersions on the reliability of the Check Employment Status for Tax tool. It once again highlights how important mutuality of obligation is and shows the gravity attached to making incorrect judgements on the element of employment status. HMRC maintains that there can never be a contract where there is no mutuality of obligation and so has omitted any questions relating to this from the tool.

This is the latest in a stream of cases where IR35 has been the subject of debate and serves as a further reminder that there are only slight nuances between individuals who are deemed as being 'inside IR35' and those who are deemed as not. Christa Ackroyd, a fellow TV presenter, lost her battle against HMRC on the grounds of IR35 as it was asserted that she held employment status during her presenting engagements, as did the three presenters for the BBC that recently lost their case. Lorraine Kelly is another high-profile individual who won her case against HMRC on the grounds of IR35, and coincidentally, Fospero was expected to provide temporary one-off cover for Kelly when she wasn't available.

CIPP comment

The fact that there has been so many cases relating to IR35 and that there have been decisions that have fallen on both sides of the argument reiterates how important it is to get Status Determination Statements correct, and ensure that relevant individuals within organisations are prepared for the reforms to off-payroll working that will be put into practice from April 2020. The CIPP is offering both webinars and half-day training courses to help assist with the tasks that many employers and payroll professionals are professing to finding daunting in relation to the off-payroll working reforms.

Back to ***Contents***

Tribunal rules that workers should be classed as employees for purposes of TUPE regulations

5 December 2019

The London central employment tribunal has ruled that Transfer of Undertakings (Protection of Employment) (TUPE) applies not only to 'employees' but also to 'workers'.

In the case of Dewhurst v Revisecatch Ltd t/a Ecourier, three cycle couriers disputed the fact that they had not been paid holiday pay and also that they had not been correctly informed, consulted and treated as working under a contract of employment for the purposes of TUPE. Under TUPE, the existing and the new employers must both provide certain information to staff and may need to consult with any employees who are affected by the transfer. The claimants advised that this had not happened when eCourier, a Royal Mail subsidiary took over their contracts from City Sprint. This potentially has significant implications and widens the scope of individuals who

The TUPE regulations define 'employee' as any individual who 'works for another person, whether under a contract of service or apprenticeship or otherwise but does not include anyone who provides services under a contract for services'. The claimants argued that the inclusion of the phrase 'or otherwise' extends the definition of 'employees' to include 'workers'. Judge Joffe commented:

"It is clear from its working that [Tupe 2006] is intended to confer rights and protections on a broader class of employees than those employed under a contract of employment or apprenticeship as reflected in the words 'or otherwise'.

Applying those principles, I can properly give effect to the Acquired Rights Directive by concluding that the words 'or otherwise' are to be constructed so as to embrace limb b) workers.

This interpretation does not 'go against the grain' of Tupe 2006, the purpose of which, in accordance with the Acquired Rights Directive, is to preserve the employment [or] labour law rights of those who work within an undertaking when that undertaking changes hands. Our 'general employment law' protects both limb b) workers and traditional employees, at different levels of protection, and both of these classes have their rights preserved by Tupe 2006."

The employment tribunal outcome is not currently binding as the employers have 42 days to appeal. If there is no appeal or if the appellate courts agree with the original decision then it will mean that 'workers' automatically transfer under TUPE, in line with 'employees' and will have to be informed and consulted on TUPE transfers in the same way.

Back to ***Contents***

The substitution clause and worker status

13 December 2019

In the case of Stuart Delivery Ltd v Augustine, the Employment Appeal Tribunal (EAT) ruled that a 'substitution clause' (which was found not to fit the definition of a substitution clause) held within an individual's contract did not mean that they would not be classified as a 'worker' for employment status purposes in this particular scenario.

In this example, Augustine was employed as a delivery courier for Stuart Delivery Ltd. (SDL) and had to work fixed hour 'slots' for the company, in which he was required to remain stationed in an area that he had agreed to cover. During this 'slot', he would need to fulfil any deliveries that were offered to him and he would be paid a defined hourly wage for this service.

The majority of 'slots' lasted for a duration of three hours and during this time, Augustine was prevented from offering his services to any other delivery companies. He was, however, allowed to offer the 'slot' to a selection of couriers via SDL's 'Staffomatic' app once he had committed to it, should he change his mind about fulfilling that 'slot'.

A tribunal previously held that this arrangement did not constitute a substation clause as Augustine would only be released from the 'slot' should another courier confirm that they would fulfil it instead. Therefore, Augustine had no control over whether or not somebody would undertake the 'slot' in his place and had no opportunity to pick who that specific substitute would be. This would not be deemed as a substitution clause and so would not exclude Augustine from being classified as a 'limb (b) worker'.

The EAT upheld this determination and also agreed with the tribunal that Augustine was not in business on his own account and that SDL was not a customer of his delivery business.

CIPP comment

The CIPP understands that the task of assigning the correct employment status to staff can be daunting and complex, particularly as there seem to be so many tribunals that relate to the subject at present. Incorrect status determination can leave companies facing large fines and suffering a substantial hit to their reputation.

We offer a half-day training course which includes a section on how to assess employment status, along with plenty of information surrounding the hot topic of IR35. The next session will take place on 13 Jan 2020 in Bristol.

Enrol today to ensure that you are compliant with legislation and to avoid any potential penalties associated with incorrect employment status determination.

Back to ***Contents***

The Supreme Court to decide whether time spent asleep during sleep-in shifts should be paid at National Minimum Wage rate in landmark case

13 February 2020

This week, the Supreme Court will determine whether or not the National Minimum Wage (NMW) will be applicable to time that employees spend asleep during sleep-in shifts. This is a long-anticipated and notable case as it could potentially change the lives of workers, predominantly in the social care sector, and massively impact the businesses that employ them.

Back in 2018, the Court of Appeal ruled that employees who stay overnight at a disabled, elderly or vulnerable person's house are entitled to NMW for the duration in which they are carrying out their duties only, and not for any time spent asleep during the shift. There were two cases that looked into this, and they were Royal Mencap Society v Claire Tomlinson Blake, and John Shannon v Jaikisham and Prithee Rampersad.

Lord Justice Nicholas Underhill said:

"Sleepers-in… are to be characterised for the purpose of the regulations as available for work… rather than actually working… and so fall within the terms of the sleep-in exception.

The result is that the only time that counts for national minimum wage purposes is time when the worker is required to be awake for the purposes of working."

Within current Department for Business, Energy and Industrial Strategy (BEIS) guidance on NMW, there is a section on sleep-in shifts, which maintains that:

If the employer provides suitable facilities for sleeping, minimum wage must be paid for time when the worker is required to be awake for the purpose of working, but not for time the worker is permitted to sleep. However, if suitable sleeping facilities are not provided then minimum wage must be paid for the entire shift.

The case for consideration by the Supreme Court is an appeal against the Court of Appeal ruling in favour of Mencap, and the result could be significant if it is ruled that time spent asleep during sleep-ins is subject to NMW rules, with the liability in the care sector expected to total £400 million. Mencap alone has predicted it will incur a £20 million bill and has expressed concerns of insolvency if required to pay those sums.

Back to ***Contents***

Shared parental pay case refused permission to appeal to Supreme Court

20 February 2020

Two joint cases which related to claims of discrimination in respect of shared parental leave allowances have been refused leave to appeal to The Supreme Court.

The cases in question were Ali v Capita and Hextall v Chief Constable of Leicestershire Police, and back in May 2019, the Court of Appeal determined that, in scenarios where enhanced shared parental pay was not aligned to match that of enhanced maternity pay, there was no sex discrimination taking place. This stance remains binding since the Supreme Court has refused permission to appeal this decision.

Capita provided its female employees with up to 39 weeks' worth of maternity pay – the initial 14 weeks at full pay and the remaining 25 weeks at SMP rate. Mr. Ali respected that the first two weeks of maternity leave were different as the mother would need time off to recover after giving birth in this period, but argued that the remaining 12 weeks' worth of full pay should not have been available to female employees only. He claimed that this was unlawful direct sex discrimination.

Leicester Police Force provided 18 weeks' worth of maternity leave at full pay. They also offered a shared parental leave scheme to match statutory requirements. Mr. Hextall claimed that the employer's policy put men at a disadvantage and was unlawful discrimination.

The Court of Appeal upheld the same response in both cases, and that was that there was no direct discrimination on a man taking shared parental leave for childcare reasons as this was not comparable to a mother who was on leave, who would require time to recover both mentally and physically after carrying, and giving birth to, a child. They also maintained that there was nothing unusual about either of the company's policies and rejected both claims.
The Supreme Court's refusal of permission to appeal in relation to this means that employers can continue to enhance maternity pay without the requirement to enhance shared parental pay.

Back to ***Contents***

Reinstatement and Annual Leave

24 February 2020

If an employee is unlawfully dismissed and then re-instated by a court order, is the employee entitled under EU law to annual leave for the interval between dismissal and re-employment?

With thanks to Daniel Barnett's **Employment Law Bulletin**.

Yes, the employee would be entitled under EU law to annual leave for the interval between dismissal and re-employment, is the preliminary ruling of the Advocate-General to the European Court of Justice in **OH & CV**.

The case concerns two references, from Bulgaria and Italy, to the CJEU. Where an employee is unable to benefit from the right to paid leave due to an employer's unlawful act (i.e. unlawful dismissal), EU law should require that the employee receive four weeks paid annual leave entitlement in the period between dismissal and re-employment, the situation being analogous to that of workers not at work due to long-term sickness absence or maternity leave, where the right to paid leave continues to apply. However, if an unlawfully dismissed worker obtains employment with a new employer in the interim, this right should not apply as the new employer would be responsible for ensuring the right to paid leave during that period.

The Advocate-General's ruling is not binding on the full Court, which may hear the full case later this year. Provided that final judgment comes during the implementation period, it will be binding in UK law. This could apply in UK law in re-instatement/re-engagement situations in unfair dismissal cases, and interim relief applications.

Back to ***Contents***

Ethnicity Pay Gap

Government announces Race at Work Charter

18 October 2018

As well as launching a consultation on ethnicity pay reporting the government has also announced a 'race at work charter' to tackle ethnic disparities in the workplace.

Developed jointly with Business in the Community (BITC) the charter has several points and actions for businesses to commit to publicly. Organisations such as NHS England, Standard Life Aberdeen, Norton Rose Fulbright, Saatchi & Saatchi, KPMG, RBS, the civil service, WPP, EY and the CIPD have already signed up.

Prime minister Theresa May said: "Every employee deserves the opportunity to progress and fulfil their potential in their chosen field, regardless of which background they are from, but too often ethnic minority employees feel they're hitting a brick wall when it comes to career progression.
"That's why I'm delighted to launch the race at work charter, which gives businesses a clear set of actions to work towards in helping to create greater opportunities for ethnic minority employees at work."

The NHS, Armed Forces, schools and police forces are also setting out their plans on how to increase the proportion of public sector leaders from ethnic minority backgrounds. These include proposals from school leaders to address disparities in the teaching workforce and publication of the National Police Chief Council's first national Diversity, Equality and Inclusion Strategy.

As well as the charter the consultation which is open until January 2019, will set out in detail what information employers should publish to allow for decisive action to be taken while also asking employers how ethnicity data can be collected without placing undue burdens on businesses.

Back to ***Contents***

Ethnicity Pay Reporting Consultation

12 October 2018

A consultation on ethnicity pay reporting has been published alongside a Race in the Workplace Charter. The consultation asks how a new reporting requirement should operate.

The government introduced gender pay gap regulations in 2017 requiring large employers to publish the difference in pay and bonuses between their male and female staff. Over 10,000 employers reported their data in the first year of reporting.

In her February 2017 report, Race in the Workplace, Baroness McGregor-Smith recommended that the government should legislate to introduce mandatory reporting of ethnicity data. At the time, the government said that the case had been made for ethnicity reporting and it expected businesses to do this voluntarily.

The government asked Business in the Community (BITC) to assess what steps employers have taken to haul down workplace barriers and harness the talent of a diverse workforce – they found that barriers persist in the workplace.

We now know that only a small number of employers have chosen to publish ethnicity pay data voluntarily. In the ethnicity pay reporting consultation, the government invites views on mirroring some or all elements of the gender pay gap regulations such as proposing the same threshold of 250 employees or above for mandatory reporting.

CIPP comment
The CIPP Policy Team will naturally be dissecting the consultation document and asking members and the payroll profession for their input so please do watch out for a survey on this subject in the coming weeks.

Back to ***Contents***

CIPP response to consultation on Ethnicity Pay Reporting

14 January 2019

The CIPP has submitted to government its formal response to the consultation on Ethnicity Pay Reporting.

Background
In her February 2017 report, Race in the Workplace, Baroness McGregor-Smith recommended that the government should legislate to introduce mandatory reporting of ethnicity data. At the time, the government said that the case had been made for ethnicity reporting and it expected businesses to do this voluntarily. The government asked Business in the Community (BITC) to assess what steps employers have taken to haul down workplace barriers and harness the talent of a diverse workforce – they found that barriers persist in the workplace.

Only a small number of employers had chosen to publish ethnicity pay data voluntarily, so in October 2018 the government published a consultation on ethnicity pay reporting (alongside a Race in the Workplace Charter) asking how a new mandatory reporting requirement should operate.

The government invited views on mirroring some or all elements of the gender pay gap regulations such as proposing the same threshold of 250 employees or above.

CIPP conclusion and recommendations
From an administrative burden perspective comparability with the methodology applied for gender pay gap would be preferred by our members. However, our members are pragmatic and recognise that this will not achieve the same results because of the different challenges presented by ethnicity classifications.

There must be value achieved through the efforts of the software developers, payroll and HR professionals and so we recognise different methodology will be required.

If government consider that the time is right to deliver another reporting obligation on employers, in the name of transparency, significant time and structured planning will be needed. Rushed delivery will not achieve accurate outcomes.

Lessons need to be learned from the roll out of gender pay gap reporting with government engaging in greater detail with all affected stakeholders as they continue to consult.

Employers pay processes vary in size and complexity enormously and with the added challenges for gathering accurate ethnicity data, as identified within the consultation paper, will add further layers of complexity.

We see this consultation as the start of a conversation and not the end of it and look forward to being involved in further discussions.

Read the full CIPP response to the consultation on ethnicity pay reporting.

All consultation responses are available in the Policy hub under My CIPP on our website.

Back to ***Contents***

Ethnicity pay gap reporting

21 May 2019

The jury is still out on what mandatory reporting may come into force as the Government is still considering the responses to its consultation.

Introduction
Back in 2017 the 'Race in the Workplace' report from Baroness McGregor-Smith, recommended that government should legislate to introduce mandatory reporting of ethnicity data. At the time, the government said that the case had been made for ethnicity reporting and it expected businesses to do this voluntarily. It did however ask Business in the Community (BITC) to assess what steps employers have taken to haul down workplace barriers and harness the talent of a diverse workforce.

A review of the 'Race at Work' report one year on (2018) found that barriers persist in the workplace. The review included a number of calls to action for business and contributes to the Industrial Strategy goals of boosting productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure.

Monitoring ethnicity and pay
The 2018 review found that just 11% of employees reported that their organisation collects data on the ethnicity pay gap ratio - in particular those in small organisations are much less likely to report that their organisation collects data on the ethnicity pay gap ratio, just 8%.

Of those people who work in an organisation that collects data on the ethnicity pay gap, 50% reported that their organisation publishes the data that they collect.

'Race in the Workplace' recommendations on monitoring ethnicity and pay include:

- Listed companies and all businesses and public bodies with more than 50 employees should publish five-year aspirational targets and report against these annually. They should also publish a breakdown of employees by race and pay band.
- All employers should take positive action to improve reporting rates amongst their workforce, explaining why supplying data will improve diversity and the business as a whole.
- Government should legislate to ensure that all listed companies and businesses employing more than 50 people publish workforce data broken down by race and pay band.

Government consultation

As only a small number of employers had chosen to publish ethnicity pay data voluntarily, in October 2018 the government published a consultation on ethnicity pay reporting (alongside a Race in the Workplace Charter) asking how a new mandatory reporting requirement should operate.

The government invited views on mirroring some or all elements of the gender pay gap regulations such as proposing the same threshold of 250 employees or above, not 50 or above as recommended in the 'Race in the Workplace' review.

CIPP response
The CIPP surveyed its members to help inform our response. From an administrative burden perspective comparability with the methodology applied for gender pay gap would be preferred by our members. However, our members are pragmatic and recognise that this will not achieve the same results because of the different challenges presented by ethnicity classifications. Our key conclusions and recommendations in our response were:

- There must be value achieved through the efforts of the software developers, payroll and HR professionals and so we recognise different methodology will be required.
- If government consider that the time is right to deliver another reporting obligation on employers, in the name of transparency, then significant time and structured planning will be needed. Rushed delivery will not achieve accurate outcomes.
- Lessons need to be learned from the roll out of gender pay gap reporting with government engaging in greater detail with all affected stakeholders as they continue to consult.
- Employers pay processes vary in size and complexity enormously and with the added challenges for gathering accurate ethnicity data, as identified within the consultation paper, will add further layers of complexity.

Is your business planning to report its ethnicity pay gap voluntarily?
In advance of any mandatory obligation we asked payroll professionals, businesses and employers through a recent poll, if their business is planning to report its ethnicity pay gap voluntarily. We received 347 responses to our poll. In our question, we gave the options for large and small employers as the consultation suggests government may follow the 250+ rule.

13% of respondents with 250 or more employees said they would be reporting voluntarily within the next 12 months and 2% of employers in the same category said they would report in the next 2 years. 21% of large employers said they would not be reporting voluntarily in the next 12 months or 2 years.

Unsurprisingly, no one from the 'less than 250 employees' bracket went for the option to say they would be reporting voluntarily and when directly asked if they would not be reporting, 37% said they would not.

The remining 37% of respondents were unsure or didn't know what their company is planning.

Next steps
The jury is still out on what mandatory reporting may come into force as the Government is still considering the responses to its consultation. We said at the time of submitting our response that we see this consultation as the start of a conversation and not the end of it - and that we look forward to being involved in further discussions.

Back to ***Contents***

Call for employers to take more responsibility for ethnicity pay gap

4 October 2019

The issue of discrimination in relation to pay is a prevalent one within contemporary society. The problem of discriminatory pay prompted the development and widespread deployment of gender pay gap reporting back in 2017.

Now, industry experts are proposing that a similar motion be actioned in relation to the issue of discrepancies in pay among different ethnicities and races. Speaking to People Management, Sandra Kerr, for Business in The Community, explained that "we need to encourage all employers to hold themselves accountable" in relation to transparency surrounding the ethnicity pay gap.

The statistics show that, of employers signed up to the Race at Work Charter, over half of them tracked ethnicity in relation to pay but only 31% of those actually released the data collated relating to the pay gap, showing a reluctance to reveal the full extent of the issue.

Data published by the Office for National Statistics enforces these ideas about the existence of a gender pay gap as the findings highlighted that white workers earned 9.2% more then black British or black African or Caribbean workers in 2018.

CIPP comment

Read The CIPP's response to the Ethnicity Pay Report consultancy, submitted in October 2019.

Back to ***Contents***

Gender Pay Gap

Government publish response to gender pay gap reporting recommendations

21 January 2019

The government response to gender pay gap recommendations made by the Business, Energy and Industrial Strategy Committee has been published.

In August 2018, the department of Business, Energy, Innovation and Skills (BEIS) Committee published its thirteenth report on closing the gender pay gap, recommending that the qualifying threshold remains at 250 employees next year (2019), but the following year be reduced to organisations of 50 employees or more.

The Treasury Committee's response to the thirteenth report in September 2018 stated that it is important to recognise that the regulations are still in their infancy, with organisations having only just completed the first year of reporting. The response also said that the legislation itself is ground breaking, with no other country asking for this level of transparency, but they will review it in five years indicating that it will not be extending reporting requirements before the review takes place.

The Government has now published its response to the thirteenth report and has responded specifically to the recommendations put forward by the BEIS committee.

"…Should there be sufficient appetite for lowering the threshold in future reporting years, government will consult with potentially affected stakeholders on the feasibility, and advantages and disadvantages of extending the regulations…"

Some of the recommendations made by the BEIS committee were identified by CIPP members during consultation, particularly around the method of certain calculations. A summary of the relevant recommendations and responses are as follows:

Recommendation
That the Government works with the Equalities and Human Rights Commission, business groups and other stakeholders to clarify outstanding areas of ambiguity and to publish revised guidance accordingly.

Response
The Government Equalities Office (GEO) works closely with businesses and employer membership bodies to ensure that the views and experiences of employers are understood.
Guidance is regularly assessed to make sure it remains fit for purpose.
Government will continue to gather stakeholder feedback and update the guidance, should this be appropriate.

Recommendation
That the Government reviews the gender pay gap reporting requirements with a view to aligning them with other business reporting requirements from next year.

Response
Government recognise the Committee's concerns about the burden posed by different requirements on business and are working with several Government Departments to align requirements as much as possible.
Given the range of organisations within the scope of the regulations, there is not another common reporting requirement that would logically align with gender pay gap publication and government has therefore focused on balancing transparency of data with flexibility for employers.
The reporting regulations were designed so that employers have flexibility on when they publish their data, giving them a full year after the snapshot date so that they can report at any time, in line with their own internal processes.

Recommendation
That organisations are required to provide some narrative reporting alongside their gender pay statistics and an action plan setting out how pay gaps are being and will be addressed, including objectives and targets. Subsequent reports should report progress against this action plan, including targets set.

Response

Government estimate that approximately 48% of employers have published action plans alongside their figures in the first year of reporting and will continue to encourage all organisations to do so in future years.
Government will continue to engage with employers and their membership bodies to provide best practice guidance on constructing an action plan. Publishing an action plan was intentionally not included as mandatory requirement under the reporting regulations. While the Government urges all employers to produce an action plan alongside their figures, it is aware that including it as a mandatory requirement might result in a prescriptive format with limited value to employers and employees.
With the first year of gender pay gap reporting completed, employers can view the diverse range of action plans produced by organisations on the Government portal to assist with their own action plans.

Recommendation
That when the Regulations are amended, the requirement for information on salary quartiles is changed to deciles and that both part-time and full-time gender pay gap statistics are required to be published.

Response
Government already encourage organisations to produce any metrics which they believe will help them understand their gap, in addition to those required by the regulations.
Legislation already includes a requirement to review the extent to which it is achieving the intended objective after five years, however government will continue to consider potential improvements to the reporting requirements and would consider whether any extensions should be introduced in a shorter timeframe.
Any changes would have a subsequent impact on the comparability of the data year on year, and between organisations.
Prior to any amendments there would be a period of consultation with employers and membership bodies.

Recommendation
That when the Regulations are amended, the way in which bonus calculations are made is altered so that it is on a pro-rata basis and that this change is accompanied by the publication of clear guidance on the method of calculation.

Response
The topic of bonus calculations was raised within the original consultation on the regulations and was covered in the Government response at the time. The decision was a conscious choice as the current metrics ensure that a person's working life is looked at in the round. If government were to allow for pro-rata bonus payments, this would fail to expose where earnings differ on account of working patterns, a key contributing factor to the gender pay gap. The employee threshold, the overall gender pay gap calculations and earnings quartiles are all based on headcount rather than full-time equivalent. Therefore, as the bonus calculation is made on the same basis, it adds more detail to the picture of how much women are paid in the organisation. On a practical level, if a gender bonus gap has been skewed where a percentage bonus has been paid to full-time and part-time employees, government would encourage employers to highlight this in their accompanying narrative. There is also nothing to stop employers from publishing additional metrics within their action plan alongside those required by the regulations.

Recommendation
That the qualifying threshold remains at 250 employees next year [2019], but the following year be reduced to organisations of 50 employees or more.

Response
Government continue to urge organisations with fewer than 250 employees to publish their data voluntarily, and several employers under the threshold did report last year. Given the range of metrics required, at the time of consultation it was felt that reporting could be particularly burdensome for small and medium sized businesses and so the requirement should be restricted to large employers.
As the Committee's report recognises, there are several issues when it comes to the reliability of data from smaller organisations – especially for those firms with 50 or fewer employees. The reduced number of staff means their GPG figures are much more sensitive to small changes, e.g. staff turnover, pay rises, etc., compared to larger organisations. Government will still encourage smaller firms to look at their gender pay gaps, to ensure there is fair representation of men and women at all pay grades in the organisation and it will also continue to support organisations of all sizes, both with the reporting process and efforts to tackle their gaps, encouraging them to use the 'what works' guidance.
Should there be sufficient appetite for lowering the threshold in future reporting years, government will consult with potentially affected stakeholders on the feasibility, and advantages and disadvantages of extending the regulations.

Recommendation
That the Government uses the guidance to clarify how data on partner pay should be calculated and included in time for the publication of data next year [2019].

Response

The regulations exclude partners in traditional partnerships and limited liability partnerships from the gender pay gap calculations, because partners are not "paid" but instead take a share of the profits, which is not directly comparable with employees' pay. Partners who fall within the Equality Act 2010's definition of employment should be included in the employee headcount but not used as part of the calculations.
Government does recognise that there are concerns regarding how partners are currently treated within the calculations and is working with stakeholders affected by this to understand the challenges they face and identify any clarifications that might need to be made.
There will not be any substantial changes made to the guidance now the reporting year has begun. As with changes to the regulations, it is felt it would be unfair to make these within the reporting year.
Government will evaluate altering the guidance regarding partners in future reporting years, for example to introduce a voluntary reporting methodology for partners. If this happens it would be communicated extensively, prior to the start of the reporting year in which it would come into effect.

Commenting on the Government response, Rachel Reeves MP, Chair of the BEIS Committee, said:

"Next year is the 50th anniversary of the Equal Pay Act, and yet still we are tackling issues around fairness in pay. The UK has one of the highest gender pay gaps in Europe. Pay reporting can only be the first step in closing this gap and moving towards genuine equality and diversity in the workplace.

The Government's refusal to extend gender pay gap reporting requirements to partners is disappointing and continues to make a nonsense of efforts to understand the true scale of, and the reasons behind, the gender pay gap in some companies.

Failing to accept our report's recommendation to require businesses to publish an action plan for closing the gap, against which they must report progress each year, suggests the Government are timid in holding businesses to account for their efforts in driving the change needed".

Read the full Government response to the Committee's report on the Gender Pay gap.

Back to ***Contents***

Gender pay gap reporting – payment in arrears

12 February 2019

The CIPP Advisory service has recently been receiving questions from members regarding payments in arrears for gender pay gap reporting purposes.

There appears to be some confusion around whether to use dates that the employee is paid for or dates when the employee is actually paid.

For clarification, here are some Q & A examples from our Advisory team:

Question
We have started using the gender pay gap report supplied to us by our payroll software provider and the payroll run they are using as the 'relevant pay period' is different to what we had previously believed we needed to use. For example, we pay some of our employees every month on 19th, but we pay them a month in arrears (actually on a 4 week/4 week/5 week basis). On 19th April 2017 they were paid for the period 27th February to 2nd April, and we were advised we needed to use this payment to calculate our gender pay data. However the report from our software provider is using the payment made on 19th May because it is for the period 3rd April to 30th April, which includes 5th April, our snapshot date.

Answer
The snap shot date refers to the 'pay period' in which the employee is paid. This means that any payment made or received after the snapshot date is the data that should be used – not when the monies are earned. In your situation, the payroll of the 19th April is what should be used.

Question

I understand our snapshot date is 5th April but I'm receiving conflicting advice over which pay period to use i.e. tax period/month or employer's pay period. Our Pay Day is 27th March, with payment covering 1st to 31st March, however, the tax period/month obviously ends on 5th of April. If I use the employer's pay period this will obviously use the first period of the next tax year i.e. 1st to 30th April. Our Payroll System was originally only able to report on the tax period/month but now there is an option for either period.

Answer
You would use the pay period that was processed that covers the snap shot date – therefore in your situation, you would use the payment made on 27th April (or the April payroll date).

Question
Our company's weekly paid operatives were paid on 29/03/2018 (tax week 52) two week's pay in advance due to the Easter break. This week includes payment for 05/04/2018. In this situation what earnings do we use for gender pay gap reporting?

Answer
The snap shot for gender pay gap reporting covers all payments made to any qualifying employee who were paid and employed during the period that covers the snapshot date – 31st March for the public sector and 5th April for the Private, therefore in your particular case you would include the payment that covers pay for the 5th.

Guidance from Acas (Page 23) states:

"The pay period is the period in which the relevant employer pays the relevant employee basic pay.

The relevant pay period is the pay period within which the snapshot date falls. In practice, this means the pay period in which March 31st (for employers subject to the Specific Duties Regulations) or April 5th (for all other employers) falls.

Any ordinary pay received in the relevant pay period that would normally be received in a different pay period (such as a payment to remedy an accidental underpayment for the previous period) should be excluded. Similarly, if an employee receives a pay award or allowance in the relevant pay period backdated to January, only the amount attributable to the relevant pay period should be included. However, there is no need to add in any payments made at other times even if they relate to, or should have been paid in the relevant pay period. So for example, if an employee receives a pay award in July backdated to March, there is no need to change the figures captured on the snapshot date to take account of this."

Guidance from Acas has recently been revised. It includes four elements:

- new guide Managing gender pay reporting
- new mini guide Gender pay gap reporting in the public sector
- fact sheets Gender pay reporting: obligations for employers and The top ten myths about gender pay reporting
- Gender pay reporting notification template.

CIPP training course
The CIPP run a half day training course on Gender pay gap reporting and HR implications which is available online and through a face to face classroom environment. Visit the training course area of our website for full details.

Back to ***Contents***

New guidance to help employers close gender pay gap

13 February 2019

Two new pieces of guidance published to help employers identify potential causes of the gender pay gap and develop an effective action plan to tackle it.

The Government Equalities Office (GEO) has published 2 new pieces of guidance, providing step by step advice for employers which helps them to identify potential causes of the gender pay gap in their organisation and develop an effective action plan to tackle it.

'Eight ways to understand your gender pay gap' asks companies to identify potential areas for improvement, such as; whether women tend to enter the company in lower paid positions than men, whether there is a difference in performance scores within the organisation depending in relation to gender and whether individuals who are employed on a part-time basis are being supported to advance within the company.

Alongside this, the GEO is also publishing a four-step guide to help companies develop an effective GPG action plan. The guide encourages employers to analyse and understand why they have a gap, working with staff to find out what they can be doing better and developing an action plan accordingly. Finally, the guide encourages businesses to give the action plan time to make an impact.

Minister for Women Victoria Atkins said:

"The gender pay gap is at its lowest level on record, but that is still not good enough if we want to achieve real gender equality in the work place.

Last year 100% of companies in scope reported their pay gap data, but they now need to take steps to put an end to this inequality. These steps include better engagement from senior leadership, more open conversation about why organisations have a gender pay gap and improving recruitment practices.

We want employers to understand the causes of their gender pay gap and create action plans that will close those gaps for good."

New research commissioned by the GEO has found that more companies have prioritised reducing their gender pay gap since the introduction of gender pay gap legislation in 2017. 69% of employers now view closing the GPG as a high or medium priority, an increase of 8% on last year.

With 10,000 companies reporting their pay gaps last year, the new research also showed that 67% of companies are having discussions at board-level to find ways of closing the gap.

The annual deadline for large private and voluntary sector employers to report their gender pay gap is 4 April and for public sector organisations it is 30 March.

New guidance
Eight ways to understand your gender pay gap
Four steps to developing a gender pay gap action plan

CIPP training course
The CIPP run a half day training course on Gender pay gap reporting and HR implications which is available online and through a face to face classroom environment. Visit the training course area of our website for full details.

Back to ***Contents***

Has Gender Pay Gap Reporting resulted in more openness?

27 February 2019

Overall across private, public and third sectors, when asked through a CIPP poll if GPG reporting has resulted in more openness in the workplace on the subject of pay and reward, almost three quarters said no, it hadn't.

"Has gender pay gap reporting resulted in more openness in the subject of pay and reward in your organisation?"

This is the question we asked through our website quick poll during the end of January and beginning of February and we were interested to see what the breakdown looked like per sector. We received 193 responses in total.

Private sector

Yes 9%
No 51%
Improving 12%

Public sector
Yes 4%
No 20%
Improving 0%

Third sector
Yes 1%
No 3%
Improving 0%

As the results show 'No' is in the majority but we are only heading for the end of the of the second reporting year and it is encouraging to see that there are also some positive results in there too. (*Please do bear in mind that our polls are just a snapshot in time, a one question poll which does limit the responses and does not cater for follow up).*

BEIS recommendations
At the end of January this year the Government response to Gender Pay Gap (GPG) recommendations made by the Business, Energy and Industrial Strategy (BEIS) Committee was published.

Some of the recommendations made by the BEIS committee were identified by CIPP members during consultation, particularly around the method of certain calculations. With regard to the openness and transparency element of GPG reporting, one of the recommendations made by the BEIS committee is that organisations should be required to provide some narrative reporting alongside their gender pay statistics and an action plan setting out how pay gaps are being and will be addressed, including objectives and targets. Subsequent reports should report progress against this action plan, including targets set.

Government responded to this recommendation saying that it estimates that approximately 48% of employers have published action plans alongside their figures in the first year of reporting and will continue to encourage all organisations to do so in future years. Government said that it will continue to engage with employers and their membership bodies to provide best practice guidance on constructing an action plan. Publishing an action plan was intentionally not included as mandatory requirement under the reporting regulations and while the Government urges all employers to produce an action plan alongside their figures, it is aware that including it as a mandatory requirement might result in a prescriptive format with limited value to employers and employees.

Government also added that employers can view the diverse range of action plans produced by organisations in the first year of reporting on the Government portal to assist with their own action plans in the second and subsequent years.

GEO guidance
In February the Government Equalities office (GEO) published two new pieces of guidance to help employers.

'Eight ways to understand your gender pay gap' asks companies to identify potential areas for improvement, such as; whether women tend to enter the company in lower paid positions than men, whether there is a difference in performance scores within the organisation depending in relation to gender and whether individuals who are employed on a part-time basis are being supported to advance within the company.

Alongside this, the GEO also published a 'four-step guide' to help companies develop an effective GPG action plan. The guide encourages employers to analyse and understand why they have a gap, working with staff to find out what they can be doing better and developing an action plan accordingly.

The guide also encourages businesses to give the action plan time to make an impact, so it will be interesting to see the trends year on year as GPG reporting continues to the 5-year review point in 2022.

Back to ***Contents***

What works to reduce the gender pay gap: action for employers

29 March 2019

The Government Equalities Office has published guidance for employers on the evidence-based actions they can take to support women to progress, to help to close the gender pay gap and increase gender equality in the workplace.

According to the GEO, one of the drivers of the gender pay gap is that women are not progressing in the workplace as fully as their talents would allow. Improving, measuring and evaluating recruitment, promotion and talent management processes; supporting part-time workers; and creating an environment where women feel that they fit and belong, can enable women to progress.

By taking steps to support women to progress, employers can make the best use of their skills and experience, help to attract and retain talent, and improve productivity and performance. Evidence suggests that the following actions can support women in your organisation to progress and help to close the gender pay gap.

- Create an inclusive culture
- Support women's career development
- Progression for part-time workers
- Improve recruitment and promotion processes •
- Measure and evaluate policies to support diversity and inclusion

The four-page guidance action note sets out in more detail how employers can support women to progress to help to close the gender pay gap and increase gender equality in the workplace.

An infographic poster has also been published which sets out the evidence-based high level actions employers can take.

Back to ***Contents***

Changes to gender pay gap reporting under consideration

11 June 2019

In a parliamentary review of the effectiveness of gender pay gap reporting, under discussion was the consideration of extending reporting to smaller firms before the formal review of the gender pay gap legislation in 2022.

Hilary Spencer, Director, Government Equalities Office (GEO), who was providing evidence to the Treasury Committee, said that there are a number of ways to take reporting in the future. One option being to lower the threshold, another to ask for more data on gender, and another to ask for data about different characteristics.

When asked what the timescale for any changes would be, the Director referred to the formal review of the gender pay gap legislation, which is five years after it was introduced (2022) but then went on to say:

"However, our view is that there is a pretty crucial window between years 3 and 5 where, if year 1 was people getting up to speed with their reporting requirements and year 2 is trying to start making a difference, you want to start seeing changes between years 3 and 5. In our view, there is probably an argument for making some changes to the reporting regime from year 3 onwards…"

When asked if proposals will be put forward to government soon, the Director's response was yes, that the GEO is actively working on this and will be putting advice to Ministers on options going forward, including questions about ethnicity pay gap reporting.

The question of action plans is another area that the GEO is currently putting advice together on for Ministers. There have been, in some sectors, a call for making action plans compulsory in some way so the GEO has been exploring what that might look like.

Enforcement was also discussed although the Equality and Human Rights Commission (EHRC) were not present at this particular review and they are the enforcers of gender pay gap reporting. However, the GEO said that it is considering a whole range of things. One is whether it requires companies to publish more information about what they are doing, i.e. their policies. Another is whether to ask them to publish more data such as looking at numbers of women on boards or retention post maternity leave.

There is also the question of whether the powers of the EHRC might need to be changed. Hilary Spencer mentioned that there was another Select Committee hearing in progress, where evidence is being given on whether the enforcement powers of the EHRC, more generally, in relation to the Equality Act, ought to be increased.

Full details of the evidence provided to the Treasury Committee on the effectiveness of gender pay gap reporting can be found here.

Back to ***Contents***

BBC continues to reduce its gender pay gap

8 July 2019

The BBC has published its gender pay gap report for 2019 which reveals a 6.8% mean gender pay gap for fixed hourly pay as at March 2019, continuing the downward trend from 8.4% in 2018 and 10.7% reported in 2017.

Published well ahead of the 30 March 2020 deadline, the BBC gender pay gap report 2019 also includes voluntary disclosures, such as its ethnicity, disability, part-time, lesbian and gay pay gaps.

The organisation says that its gender pay gap comes from having too few women employed in senior roles and the fact that more women than men are in the organisation's lowest pay quartile; it believes that 6.2% of its median gender pay gap is driven by these structural concerns. Currently, 43.8% of leadership roles are held by women.

But the BBC says it is committed to closing its pay gap by the end of 2020 and delivering a gender pay gap of 3% or less in each of the BBC's career level bands. This year's report shows that the BBC's ethnicity, disabled, part-time and LGBTQ+ pay gaps already sit within the +/- 3% target.

Other steps the organisation has taken to address its gender pay gap include introducing a flexible-working policy, updating recruitment processes, implementing a mentoring scheme, providing training and support for team leaders and having mixed gender panels and shortlists when hiring. In addition, 77% of the BBC's job roles are advertised on a flexible-working basis.

Tony Hall, director-general at the BBC says:

"We already have the lowest gender pay gap across UK broadcasters, and it's significantly lower than the national average of 17.9%, but we can't be complacent. That's why, in 2017, I set us a tough challenge of closing the gender pay gap by the end of 2020. It's a goal which is more stretching and ambitious than for any other organisation because I wanted to achieve real change – and you can see how far we've come. When you look at the data in more detail, we have a gender pay gap of 3% or less in each of the BBC's career level bands. We see the same thing when we look at individual job titles which have similar numbers of men and women in them."

But Hall admits there are fundamental areas which need to be addressed before the BBC can reach its target.

"As we learn more from reports on pay gaps across the UK, we can see there are structural causes which need to be addressed. And it's a simple structural reason that is driving our remaining gap: we still have too few women in senior roles. This is why our focus, across the organisation, has been on developing senior female leaders and 43.8% of our leadership roles are now filled by women.

We remain committed to reaching our target. We know this will be challenging. The changes we're making need to be sustainable in the long-term and not quick fixes that address it in the short-term. That's why, whilst we continue to compare favourably to most other large organisations, I am determined that we go further and lead the way."

Back to ***Contents***

Implausible gender pay gap data to be investigated

15 August 2019

Following successful enforcement action against late reporters, over 10,500 large organisations have reported their gender pay gap for 2019. The Equality and Human Rights commission (EHRC) will now be contacting organisations that have reported implausible data.

Following the April deadline, six organisations failed to respond to the EHRC's warnings and formal investigations under Section 20 of the Equality Act were opened. As a result of the investigations, all six organisations have now reported their figures for this year and entered into formal legal agreements with EHRC, committing to report on time for the next five years. If the organisations fail to report on time again, they will face further action and could be taken to court and fined.

In May, 46 private sector and four public sector organisations were notified of EHRC's intention to open statutory investigations into their failure to report their gender pay gap data on time and were also publicly named. This included three 'repeat offenders' that had failed to report on time two years in a row.

After being informed about the legal action, the majority of the organisations swiftly reported their gender pay gaps or EHRC were satisfied that they are out of scope of the regulations.

Implausible data
EHRC is now turning its attention to those organisations that have reported implausible data. Any that are found to have submitted inaccurate data will be required to re-submit and could face further legal action.

EHRC has seen many examples of unbelievable data from employers. For example, reports of a 50/50 split of male and female employees and claims of no pay gap from the lowest-paid to the highest-paid roles.

EHRC is currently writing to 100 employers who have published suspicious looking data, asking them to explain the rationale for their figures and requesting their payroll data.

Organisations which deliberately or negligently submit inaccurate data are breaking the law.

If organisations are found to have submitted inaccurate data, they will be required to re-submit their gender pay gap reports with accurate data and sign legal agreements with EHRCs. Ultimately, they could be taken to court and fined.

Employers should check their numbers carefully before they publish to avoid being in breach of the regulations.

Back to ***Contents***

Small businesses dispute extension to gender pay reporting

23 October 2019

The Telegraph reports that The Federation of Small Businesses has opposed the chief economist at the Bank of England's assertion that gender pay reporting should be extended. At present, gender pay gap reporting is compulsory for businesses that employ more than 250 staff, but the new recommendation is that this is extended to include companies engaging 30 employees or above.

The chairman of the Federation of Small Businesses, Mike Cherry voiced his support for endorsing gender equality but admonished that there is "very limited statistical value" in publishing pay gaps in small teams where individuals are unlikely to hold similar job titles and duties to that of their colleagues. He also warned that there would be "a number of practical barriers, not least where confidentiality is concerned."

Andy Haldane, speaking on behalf of the Bank's Monetary Policy Committee, supports the new proposition and pledged support for reporting into ethnicity pay gaps. He did also refer to the negative effect that such reporting could have on businesses as the positive step of hiring younger, lower paid workers could skew pay gap reports in a negative light.

Evidence has revealed that the gender pay gap has shrunk by half over the last 25 years but was still prevalent with approximately ten percentage points observed. Pay gaps between ethnic minorities are also in existence with varying degrees of pay disparity between different ethnic groups.

Government guidance, published in January 2019, in response to the Business, Energy & Industrial Strategy (BEIS) committee's recommendations, asserted that gender pay gap reporting could be "particularly burdensome for small and medium sized businesses and so the requirement should be restricted to large employers". There was no stipulation or discussion of plans to extend gender pay gap reporting to organisations employing less than 250 staff but there was mention of the fact that the government does encourage small and medium sized businesses to review their gender pay gaps and that some had voluntarily published their data.

Back to ***Contents***

Gumtree Jobs research highlights 25% gender pay gap in hospitality sector for low-income jobs

15 November 2019

The hospitality industry has been identified as the sector with the largest gender pay gap, with women earning an average of £12,322 per year compared to men, where the average was £15,459.

The issue isn't confined to those working within hospitality, as there are also disparities between the pay of males and females working within fast moving consumer goods (FMCG) and retail. Men earn 24% more pay than their female counterparts with average pay of £16,222 compared to £13,094. Females in teaching and education roles confirmed average salaries of £15,376 as opposed to males who commanded an average of £18,953, this equates to a difference of 23%.

The area in which the pay gap was the smallest was in computing and IT roles where men received an average of 6% more than women - £20,641 against £19,483.

The report, entitled 'Hidden heroes: Discovering the unsung workforce driving the UK economy' collected responses from employees in the UK earning below £30,000. There were 354,216 respondents and the report showed that there is a very real gender pay gap, particularly in low-income jobs. Additional findings show that 42% of female respondents were paid below £15,000 per year in comparison with 23% of men.

The Fawcett Society, a charity that wants to tackle the issue of outright pay discrimination, has confirmed that they are marking today as Equal Pay Day.

Back to ***Contents***

UK's global gender equality ranking slips

19 December 2019

Due to the fact that there is continued inequality in the workplace and a consistently recognised gender pay gap, the UK has been demoted from 15th to 21st place on the World Economic Forum's (WEF) Global Gender Gap Report.

The report ranks 153 countries in terms of their gender equality and looks at the variations in pay for men and women, equality in education and literacy and the political representation of and for women. The UK was placed ahead of the Unites States but fell behind Germany, New Zealand and Canada and also behind less developed countries, like Nicaragua and the Philippines.

As a result of the UK's lower ranking on this year's list, employment experts have asserted that there needs to be more robust processes in place to combat discrimination in the workplace and to promote flexible working so that both men and women can position their working life against their home and family life.

The UK did perform well in certain areas, but it was still reported that there were inconsistencies in the pay of women and their male counterparts. It was felt that there was poor political representation for women within the UK and this also attributed to the lower place it was awarded this year.

Sam Smethers, the chief executive of The Fawcett Society, a group who campaign for women's rights and gender equality, commented:

"We need a strategy for gender equality that addresses intersectional inequality, recognising that women of colour are doubly disadvantaged, tackles the underlying causes of the gap and removes the barriers to women's economic and political participation.

.

The fact that the UK has slipped down the international league tables and it will take generations to close the gender pay gap should act as a big wake-up call for the government."

The Fawcett Society also believe that women should have a legal right to find out what their male colleagues are being paid if they suspect that discrimination is rife. They want tougher employment regulations to be implemented in relation to the issue of gender discrimination.

On a global scale, the WEF predicts that it would take 99.5 years for women to be on an equal footing with men, in terms of social economic and gender parity.

The top ten countries are listed below:

1.Iceland
2.Norway
3.Finland
4.Sweden
5.Nicaragua
6.New Zealand
7.Ireland
8.Spain
9.Rwanda
10.Germany

Back to ***Contents***

Enforcement of the gender pay gap reporting deadlines suspended for this year

25 March 2020

The Government Equalities Office (GEO), along with the Equality and Human Rights Commission (EHRC) have confirmed that, in response to the outbreak of coronavirus, the enforcement of the gender pay gap reporting deadlines will be suspended for the current reporting year, 2019-20.

There is no expectation on employers to provide their gender pay gap data.

In a joint statement, Minister for Women & Equalities, Liz Truss, and EHRC Chair, David Isaac, said:

"We recognise that employers across the country are facing unprecedented uncertainty and pressure at this time. Because of this we feel it is only right to suspend enforcement of gender pay gap reporting this year.

26% of expected gender pay gap reporters, which equates to 3000 employers, have already submitted their data via the Gov.UK website for the tax year, and the GEO will continue to provide support to employers in reporting their data should they wish to do so.

Under normal circumstances, the EHRC can investigate employers who fail to report their gender pay gap data, and they could potentially be presented with an unlimited fine if court action dictates it.

Gender pay gap reporting legislation, introduced in 2017, ordinarily requires businesses with 250 or more employers to publish statutory calculations on an annual basis, to demonstrate how large the pay gap is between their male and female employees. The deadline for reporting that data would have been 30 March 2020 for public sector bodies, and 4 April 2020 for private companies.

Back to ***Contents***

General Employment News

Change to online right to work checks

29 January 2019

Changes to the online right to work checking service will mean that employers can use the service to demonstrate they conducted the necessary right to work checks on migrants, without having to rely on paper documents.

The Right to Work Checking Service, which is secure and free to use, was launched in April 2018, however until mid-December 2018 employers still needed to request paper documents alongside using the service. Changes to the online service mean that employers can use it to demonstrate they conducted the necessary right to work checks on migrants and avoid a penalty if they are found to be employing illegal workers.

This is another step that is being taken to simplify and modernise the immigration system. The online Right to Work Checking Service makes the checks simpler for employers and provides greater security as they no longer need to rely on physical documents when checking migrants' status, further reducing the risk of forged documents being presented.

The Home Office Right to Work Checking Service is available on GOV.UK and gives employers access to up-to-date, real-time information about migrants' right to work. Individuals will be able to authorise their current or prospective employer to see information about their immigration status to conduct the check and will be able to see exactly what information will be shared.

The service is voluntary for employers and individuals. Migrants may demonstrate their right to work using either the existing document checking service or the online checking service.

The changes also make it simpler for UK nationals without British passports to demonstrate their citizenship by enabling them to use short birth or adoption certificates, which they can get for free, instead of the long versions.

Further information regarding Foreign nationals working in the UK can be found on GOV.UK

Back to ***Contents***

Is your employer ready to take the pledge?

1 February 2019

The Equality and Human Rights Commission (EHRC) launched the Working Forward Campaign which aims to '*make workplaces the best they can be for pregnant women and new parents*'.

The Working Forward Campaign is open to all organisations and was launched in 2016. It currently has 300 members, it is free to join and requires participating organisations to sign a 'pledge' to take action in four specific areas which are:

- Leadership
- Employee confidence
- Supporting line managers
- Flexible working

Leadership is considered to be a mandatory area as workplaces that have senior support tend to be the most successful in embracing the other three pledge areas.

Immediate membership benefits include:

- full access to the community of member organisations
- a member toolkit packed with tips and advice on getting started
- conversation guides to help communication between managers and employees
- exclusive training events and webinars
- regular updates from the Working Forward e-newsletter
- help and support developing pregnancy and maternity policies, and much more.

Further details of the Working Forward Campaign are available on the EHRC website.

CIPP comment
The department of Business Energy and Industrial Strategy (BEIS) have published a consultation that seeks to gather views about what steps can be taken to further support pregnant women and new parents when they return to work. You can respond by way of an online survey directly to BEIS and The CIPP policy team will be publishing a survey and plan to hold a think tank also – to note your expression of interest please contact policy@cipp.org.uk.

Back to ***Contents***

Is your workforce aware of how to apply for Settled Status?

15 February 2019

The clock continues to tick towards the UK exit from the European Union but how does this impact employees who currently live and work in the UK?

Employees and their family members who are EU citizen may be able to apply to the EU Settlement Scheme to continue living in the UK after 30 June 2021.

Guidance on GOV.UK together with an online application process is available for EU citizens now, if this application route is used, paper records and evidence will still need to be submitted in order to complete the process.

An APP has been created to work on Android devices which removes the need to submit paper evidence and thus speed up the application process. No plans exist for the APP to be made available to Apple devices.

After March 29 EEA citizens will also be able to apply for settled status.

The deadline for applications will be 30 June 2021 unless the UK leaves without a deal in which case the deadline will be 31 December 2020.

No action is required at this stage for employers however when fully operational the advantage of the scheme will be that it will enable a fully automated process to be carried out by employers seeking to establish their Statutory excuse with Right to Work checks.

As when carrying out Right to Work checks, employers should take care in informing their workforce not to be seen to be discriminating by only focussing on employees they think may be affected.

At the moment there is a fee applied if applying for Settled Status before the end of March. The fee will be scrapped after 29 March 2019.

As with any new digital service the current pilot scheme is in test mode and is therefore subject to change before the final scheme is approved.

If your employee doesn't have an Android device they can use that of a friend or family member.

Back to ***Contents***

What a new future skills-based immigration system could look like?

15 February 2019

The UK's future skilled based Immigration White Paper was published in December and sets out proposals for the UK's future and border and immigration system. Consultation is ongoing.

The UK's future skilled based Immigration White Paper which was published in December sets out current Government proposals for the UK's future and border and immigration system. Consultation remains ongoing and if you have a view you are encouraged to share it as part of this consultation

Leaving the EU will end free movement and the new single immigration system, which has been designed based on skills and talent proposes to include:

- a skilled workers route open to all nationalities
- lowering of the skills threshold on the skilled workers route to include medium-skilled workers
- no cap on numbers on the skilled workers route, meaning that business will be able to hire any suitable qualified migrant
- the abolition of the resident labour market test
- a new time limited route for temporary short-term workers of all skill levels, including seasonal low-skilled workers
- an extension to the post-study period for international students

The White Paper itself is a meaty 121 pages however an Executive Summary is also available on GOV.UK.

Back to ***Contents***

Payment industry teams join Pay.UK

5 March 2019

Pay.UK (formerly known as the New Payment System Operator / NPSO) is the new home for Bacs, Faster Payments, and Cheque and Credit Clearing and, as of 1 March 2019 it is also the formal home of their people, a skilled team with a wealth of experience across the UK's complex payments industry.

This is the final stage of bringing these important payment brands together under the Pay.UK roof, and follows on from the announcement of the company's name (October 2018). Importantly, there will be no discernible difference for participants, service users, and end users other than a new email address: @wearepay.uk.

For full details read the press release from Bacs – 1 March 2019

Back to ***Contents***

Does the BBC pay women and men equally for equal work?

15 March 2019

The Equality and Human Rights Commission (EHRC) has launched a formal investigation into suspected past pay discrimination against women at the BBC.

Following complaints that female employees were not being paid the same as men for equal work, the BBC has voluntarily provided the EHRC with a large amount of information about its pay policies and practices.

After looking at all of the information, EHRC has said it suspects that some women at the organisation have not received equal pay for equal work.

The EHRC is using its powers under the Equality Act to open an investigation, which will look at whether BBC staff experienced unlawful pay discrimination from 1 January 2016. Formal and informal pay complaints raised with the BBC by staff will be looked at to decide if there has been unlawful pay discrimination against women and whether complaints have been adequately resolved.

The EHRC hope to finish its investigation by the end of 2019 and will publish a report once the investigation is done, setting out the findings, any action taken and recommendations for the BBC.

Further information about the scope of the investigation can be found in the Terms of Reference.

Back to ***Contents***

Voluntary Reporting on Disability, Mental Health and Wellbeing

15 April 2019

A framework has been developed by the Government to support employers to report voluntarily on disability, mental health and wellbeing in the workplace

The framework has been developed by the Government in partnership with large employers and expert partners (including leading charities) to support organisations to record and voluntarily report information on disability, mental health and wellbeing in the workplace.

The framework is aimed at large employers with over 250 employees but can also be used to support smaller employers who are keen to drive greater transparency in their organisation or industry.

The Government believes that transparency and reporting are effective levers in driving the culture change required to build a more inclusive society.

The independent Thriving at Work Review conducted by Paul Farmer and Lord Dennis Stevenson, published in October 2017, recommended that employers should report more information about their actions on workplace mental health on a voluntary basis.

In November 2017, the Government's Improving Lives command paper committed to working with partners, including employers, to develop a framework for voluntary reporting on disability and mental health.

The framework itself is a two-page guide to support employers to take a first step on the journey towards greater transparency.

Back to ***Contents***

Positive mental health in the workplace

13 May 2019

This week is Mental Health Awareness Week, an opportunity for employers to take steps to tackle the work-related causes of stress in its organisation and encourage staff to seek help at the earliest opportunity.

According to a report from the Mental Health Foundation in 2016, the value added to the economy by people who are at work and have or have had mental health problems is as high as £225 billion per year, which represents 12.1% of the UK's total GDP.

11 million days lost a year
According to the Health & Safety Executive (HSE) over 11 million days are lost at work a year because of stress at work and in 2015/16 over 480,000 people in the UK reported that work-related stress was making them ill. This amounts to nearly 40% of all work-related illness.

Stigma still remains

Acas talks about the reluctance many employees have to talk about stress at work. Despite what statistics show there is still a stigma attached to stress and people still think they will be seen as weak if they admit they are struggling.

Mental health is no longer the taboo subject it once was and can affect anyone at any level of an organisation. It is therefore important that an employer takes steps to tackle the work-related causes of stress in its organisation and encourages staff to seek help at the earliest opportunity if they begin to experience stress.

The report from the Mental Health Foundation shows that the value added by people with mental health problems in the workforce is greater than the costs arising and that improving and protecting mental health secures that value and should help reduce cost. Key findings from the report include:

Work is a key factor in supporting and protecting mental health
The survey identified that 86% of all respondents believed that their job and being at work was important to protecting and maintaining their mental health.

Distress is an issue that affects a major proportion of the workforce…
…whether people have experienced a mental health problem or not. Most survey respondents who had experienced a mental health problem, and over a third of respondents who had not, reported that distress had left them less productive than they would like.

Disclosure can be a positive experience…
…but discrimination and self-stigma remain big issues. A majority of respondents to the survey who disclosed a mental health problem to an employer described it as an overall positive experience and were more aware of the support available to them than those who had not. However, the negative experience of a significant minority in part legitimises the fears of those who have chosen not to disclose.

Many employers lack systems to recognise and address mental health at work
The survey findings suggest that many employers lack systems to recognise and address mental health at work, especially in relation to absence management and making adjustments.

Key recommendations from the report include:

- Value mental health and wellbeing as core business assets.
- Support the development of compassionate and effective line management relationships.
- Address discrimination and support disclosure.
- Value the diversity and transferable skills that the lived experience of mental health problems brings

Risk assessments
The employer benefits are not the only reason to address work-related stress as an employer has a legal obligation to ensure the health, safety and welfare of its employees. As part of this, an employer must conduct risk assessments for work-related stress, as laid out by the HSE, and take actions to prevent staff from experiencing a stress-related illness because of their work.

Employers who have fewer than five employees do not have to write anything down, however it may be useful to do so in case circumstances change and the information can be reviewed later.

Employers with five or more employees are required by law to write the risk assessment down.

Employee actions
It isn't just the responsibility of the employer, there are many actions employees can take to reduce work-related stress, including:

- Reaching out - simply sharing the stress by talking about it to someone
- Support your health with exercise and nutrition – simple steps to increase energy and lift mood
- Quality sleep – don't skimp on sleep as the better rested you are, the better equipped you'll be to tackle your job responsibilities and cope with workplace stress.

What priority does your business give to supporting work-related stress?
The CIPP ran a quick poll at the beginning of the year asking what priority level your business, or the business you work for, gives to supporting work-related stress. Of the 453 responses we received there was a pretty even split over the answers given.

22% stated that their business gives no priority to supporting work-related stress and 25% said it gives low priority. With this accounting for almost half of respondents, employees certainly need to be taking action themselves. However, on a more positive note the highest number of respondents (27%) said that their business gives medium priority to supporting work-related stress and following close behind, 26% of businesses give high priority.

It is encouraging to see that there are many businesses out there appreciating the benefit of supporting work-related stress but given the number of lost working days, there is certainly more for us all to do.

Talking Toolkit
Download the Talking Toolkit from the HSE to start a conversation with your workers and help prevent work-related stress in your organisation.

Back to ***Contents***

New EU wide protections for whistleblowers approved

10 May 2019

Those disclosing information acquired in a work-related context, on illegal or harmful activities, will be better protected, under new EU rules.

The new rules, adopted with 591 votes in favour, 29 against and 33 abstentions and already agreed with EU ministers, lay down new, EU-wide standards to protect whistle-blowers revealing breaches of EU law in a wide range of areas including public procurement, financial services, money laundering, product and transport safety, nuclear safety, public health, consumer and data protection.

Safe reporting channels
To ensure potential whistle-blowers remain safe and that the information disclosed remains confidential, the new rules allow them to disclose information either internally to the legal entity concerned or directly to competent national authorities, as well as to relevant EU institutions, bodies, offices and agencies.

In cases where no appropriate action was taken in response to the whistle-blower's initial report, or if they believe there is an imminent danger to the public interest or a risk of retaliation, the reporting person will still be protected if they choose to disclose information publicly.

Safeguards against retaliation
The law explicitly prohibits reprisals and introduces safeguards to prevent the whistle-blower from being suspended, demoted and intimidated or facing other forms of retaliation. Those assisting whistle-blowers, such as facilitators, colleagues, relatives are also protected.

Member states must ensure whistle-blowers have access to comprehensive and independent information and advice on available procedures and remedies free-of-charge, as well as legal aid during proceedings. During legal proceedings, those reporting may also receive financial and psychological support.

The law now needs to be approved by EU ministers. Member states will then have two years to comply with the rules.

Background
Recent scandals, from LuxLeaks to Panama Papers, have demonstrated how important whistle-blowers' revelations are to detect and prevent breaches of EU law harmful to the public interest and the welfare of society. Lack of effective whistle-blower protection at EU level can also negatively impact the functioning of EU policies in a member state, but can also spill over to other countries and the EU as a whole.

Currently, only 10 EU countries (France, Hungary, Ireland, Italy, Lithuania, Malta, Netherlands, Slovakia, Sweden and UK) provide comprehensive legal protection. In the remaining countries, protection is only partial or applies to specific sectors or categories of employee.

Back to ***Contents***

Learning at Work Week – 'Shaping the Future'

15 May 2019

As well as this week being Mental Health Awareness Week, it is also Learning at Work Week, which draws attention to the importance and benefits of learning and training in the workplace.

Learning at Work Week, which takes place every May, is organised by the Campaign for Learning, and this year's theme is 'Shaping the Future'.

All companies and organisations are invited to mark Learning at Work Week. All types and sizes of organisation take part including multinationals, SMEs, public sector organisations and government departments.

What do companies do for Learning at Work Week?

Many companies use the Week as a catalyst for change providing an opportunity to 'rebrand' or refresh learning and development, reinforcing the organisation's commitment to staff development and celebrating learning that takes place all year round.

The activities that companies run range from non-work related and interest-led activities through award ceremonies to business focused sessions. Learning at Work Week offers an opportunity to promote and deliver these in a way that is fresh, exciting and engaging – from panel sessions to creative workshops.

You can register for free and access online resources, advice, guidance and printed resources. For further information visit the Campaign for Learning website.

CIPP Payroll training courses

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

Browse a complete list of all our payroll industry training courses, or visit the payroll training calendar to view by date.

In addition to our public and in house training options, we offer an increasing range of online learning courses.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

Common cause of stress and anxiety at work is workload

14 May 2019

As part of Mental Health Awareness Week, Acas has published research which finds that 60% of employees who have felt stressed or anxious in the last year attribute this to their workload.

Against the backdrop of a high-level vision for mental health, Acas commissioned a YouGov poll to find out more about individuals' current experience of mental wellbeing at work, specifically what are the causes and reactions to stress and anxiety in the workplace.

The Acas workplace policy paper reveals some key findings:

- Two-thirds of employees (66%) have felt stressed and/or anxious about work in the last 12 months, with particular variation by age – 76% for those under the age of 35, compared to 54% for those aged 55 and over
- Less than 1-in-10 (8%) say their organisation is 'very good' at preventing employees from feeling stressed and/or anxious about work

- The most commonly cited cause of stress and/or anxiety for employees is their workload (60%), followed by the way they are managed (42%) and balancing home and work life (35%)
- Employees who feel stressed tend to take time out to manage it, such as having a cup of tea or going for a walk (41%). More than a quarter (28%) don't do anything, and the same proportion use annual leave, with far fewer (15%) opting to take sick leave
- A third (33%) of employees think that 'a reduced workload' would help with feeling less stressed and/or anxious, followed by 'better flexible working opportunities' (26%) and 'more clarity around what is required from me for my job role' (23%)
- Less than half (43%) of employees would talk to their manager in the event of being stressed and/or anxious at work, and more than one-infive (22%) would not talk to anyone at work
- A large majority (72%) of employees think that it is a manager's role to recognise and address stress and anxiety in the workplace; 60% said the same of an individual themselves; 31% think their colleagues; and 28% said HR

The poll found the solutions named by the employees very much mirror the causes:

- 33% think that a reduced workload would help them feel less stressed
- 26% pointed to better flexible working opportunities
- 23% said that more clarity around what is required would help

Read the full workplace policy paper 'Stress and anxiety at work: personal or cultural?'

Back to ***Contents***

Employers not doing enough to keep pregnant women safe at work

23 May 2019

New guidance by the TUC and Maternity Action has been published to help protect new and expectant mothers in the workplace.

The TUC and Maternity Action have warned that employers are not doing enough to protect pregnant women at work and have published new guidance which details steps bosses should be taking to keep female staff safe during and after pregnancy.

The new guide says there are clear laws in place to protect new and expectant mothers but warns that many bosses don't know what they should be doing or are ignoring their legal responsibilities.

Research by the Equality and Human Rights Commission (EHRC) found that two in five (41%) expectant mothers felt that there was a risk to their health or welfare at work during pregnancy.

The guide highlights the risks new and expectant mothers face and suggests ways bosses can keep their pregnant staff safe including:

- making workstations like desks and checkouts more comfortable
- changing workload or hours to reduce stress
- varying starting and finishing times to make commuting easier
- agreeing an increase in breaks to visit the toilet and drink more fluids.

The guide also sets out what employers need to do when a new mum returns to work, and how bosses can support their female staff with breastfeeding and expressing milk.

Full details can be found on the TUC's website.

Back to ***Contents***

New alliance calls on government to make employers prevent sexual harassment

1 July 2019

An alliance of more than 20 unions, charities and women's rights organisations have launched a petition calling for a new law to make employers prevent sexual harassment in their workplaces.

The TUC has reported that it has launched a joint campaign called 'This Is Not Working', with women's rights organisations and charities calling on the government to introduce a new law to make employers responsible for protecting their staff from sexual harassment at work.

TUC research found that more than half of women – and nearly seven out of ten LGBT people – have experienced sexual harassment at work. However, under current law there is no legal duty on employers to take proactive action to prevent harassment happening in their workplaces. Instead, the onus is on the victim of the sexual harassment to report it to their employer after it has happened.

In May, the government stated in reply to a parliamentary question that they would soon be launching a consultation on workplace sexual harassment, including the possibility of a duty on employers to prevent harassment:

The new duty would be supported by a code of practice, explaining exactly what steps bosses need to take to prevent sexual harassment – such as carrying out mandatory training for staff and managers, and having clear policies.
This simple step would make a huge difference practically, says the alliance. It would mean that the burden of dealing with sexual harassment would be shifted from individuals to employers.

The alliance has launched a petition calling on the government to bring in the new law.

Back to ***Contents***

UK's gig economy workforce has doubled since 2016, TUC and FEPS backed research shows

4 July 2019

Research supported by the Trades Union Congress (TUC) and Foundation for European Foundation Studies (FEPS) reveals that the number of people doing gig economy work has doubled in the last three years.

The survey – carried out by the University of Hertfordshire with fieldwork and data collection by Ipsos MORI – shows that nearly 1 in 10 (9.6%) of working-age adults surveyed now work via gig economy platforms at least once a week, compared to around 1 in 20 (4.7%) in 2016.

The majority of gig workers don't do this kind of work full time. Rather "platform work" is used to supplement other forms of income, reflecting that UK workers are increasingly likely to patch together a living from multiple different sources.

The term "platform work" covers a wide range of jobs that are found via a website or app – like Uber, Handy, Deliveroo or Upwork – and accessed using a laptop, smartphone or other internet-connected device.
Tasks include taxi driving, deliveries, office work, design, software development, cleaning and household repairs.

The survey also reveals that:

- Younger workers are by far the most likely to work in the gig economy. Nearly two-thirds (60%) of intensive (at least once a week) platform workers are aged between 16 and 34.
- 1 in 7 (15.3%) of the working age population surveyed – equivalent to nearly 7.5 million people – have undertaken platform work at some point.
- 6 in 10 respondents report buying the services of a platform worker at some point.

- A fifth (21%) of UK workers surveyed are notified digitally if work is waiting for them and a quarter (24.6%) use apps or websites to record the work they've done. Close to half of both groups were *not* platform workers, suggesting that gig economy practices are spreading to the wider economy.

These findings align with surveys carried out in other European countries, which show striking levels of platform work. Across Europe, the number of platform workers appears to be especially high in countries with high levels of informal work and low average earnings.

TUC General Secretary Frances O'Grady said:

"The explosion of the gig economy shows that working people are battling to make ends meet.

Huge numbers are being forced to take on casual and insecure platform work – often on top of other jobs. But as we've seen with Uber, too often these workers are denied their rights and are treated like disposable labour.

The world of work is changing fast and working people don't have the protection they need.

Government must get wages rising to make sure everyone has a secure job that pays the bills. And everyone working for an employer must get basic rights like the minimum wage and holiday pay."

Ursula Huws, professor of labour and globalisation at the University of Hertfordshire, said:

"In a period when wages have been stagnant, people are turning to the internet to top up their earnings.

We see the Uber drivers and food delivery workers on our streets every day. But they're only a small proportion of gig workers. They're outnumbered by an invisible army of people working remotely on their computers or smartphones or providing services in other people's homes.

These results underline how important it is to tackle low pay and precariousness. But they also suggest that we need a new deal to provide basic rights for all workers in the digital age"

Justin Nogarede, Digital Policy Adviser at FEPS, said:

"Our research shows high levels of platform work across Europe. The latest survey results from the UK confirm this and indicate that platform work is gaining in importance.

It's high time to enact policies to ensure platform workers have access to social protection. We should break the link – often portrayed as inevitable – between platform work and precariousness."

These findings are based on a survey of 2,235 UK residents, conducted by the University of Hertfordshire with fieldwork and data collection by Ipsos MORI in association with the TUC, UNI Europa and the Foundation for European Foundation Studies (FEPS). The full report is available here.

Back to ***Contents***

Wages overtake inflation for 16th month in a row

22 July 2019

New statistics show wages are booming for UK workers, with regular pay rising 1.7% in real terms (above inflation) – meaning people's earnings are rising at their fastest since October 2015.

As 354,000 more people entered the workforce in the last year, female employment in the UK also continued to increase, remaining at its record high of 72.0%,

New figures also show the level of youth unemployment in the UK has nearly halved since 2010, falling by 47%.

Overall the UK's unemployment rate remains at its lowest since 1974 at 3.8%, with female unemployment reaching a new record low of 3.6%.

The largest fall in unemployment was also among people unemployed for over a year – showing the success of a reformed welfare system designed to help people overcome their personal barriers to work.

Back to ***Contents***

Holiday pay claims increase since tribunal fees abolished

23 July 2019

New TUC analysis reveals that 1 in 14 workers are not getting their legal holiday entitlement, workers are missing out on £3.1bn of paid leave each year and over a million workers are getting no paid leave at all.

It is little wonder that more people are taking holiday pay claims through the courts. According to the TUC the number of people taking unpaid holiday claims has more than doubled since tribunal fees were abolished in 2017, following a legal victory by UNISON.

The majority of holiday pay cases are found in the claimant's favour, with values ranging from £18.94 to £11,000. Most are for a few hundred pounds.

The analysis estimates that nearly two million employees (1.960 m) are not getting the minimum paid leave entitlement they are due. And over a million (1.145 m) are not getting any paid leave at all.

The TUC says the main reasons people are missing out are:

- Workers being set unrealistic workloads that do not allow time to take leave.
- Employers deliberately denying holiday requests and managing out people's leave.
- Employers not keeping up to date with the law.

Minimum holiday entitlements are a vital part of reducing overwork, says the TUC. People who work excessive hours are at risk of developing heart disease, stress, mental illness, strokes, and diabetes, which also impacts on co-workers, friends, and relatives.

The TUC wants HMRC to be granted new powers to clamp down on employers who deny staff their statutory holiday entitlement. This would include the power to ensure that workers are fully compensated for missed holidays.

Back to ***Contents***

Consultation on Sexual Harassment in the Workplace

26 July 2019

The Government Equalities Office (GEO) has published a consultation which aims to gather evidence about whether the current laws on protecting people from sexual harassment in the workplace are effective.

Sexual harassment is defined as any unwanted conduct of a sexual nature that makes you feel intimidated, degraded, humiliated or offended. The Equality Act 2010 says that employers are legally responsible if an employee is sexually harassed at work by another employee, and the employer had not taken all steps they could to prevent it from happening.

The Government is looking at whether the current laws on this issue provide the protections they're supposed to; considering whether there are any gaps and thinking about what more can be done at a practical level to ensure people are properly protected at work.

To help with this, government want to understand people's experiences, focussing on some particular issues it might be able to tackle through changes to the law:

- How best to make sure employers take all the steps they can to prevent harassment from happening
- Strengthening and clarifying the law so it's clear employers should protect their staff from being harassed by clients, customers, or other people from outside their organisation
- Whether interns and volunteers are adequately protected by current laws and
- Whether people should be given longer to take a harassment, discrimination or victimisation claim to an Employment Tribunal

The consultation is split into two parts:

- a set of online questions that are quick and easy for anyone to respond to, and
- a more technical document that invites views on the details of the law.

Both look at the same issues with a different level of detail.

The closing date for responses is 2 October 2019.

Confidentiality clauses

Within the wider concerns about sexual harassment, a number of more focussed issues have also emerged. In March BEIS published a consultation putting forward proposals to help put an end to the unethical use of confidentiality clauses (often referred to as non-disclosure agreements/NDAs). The Government has recently published its response to the consultation and will be legislating so that limitations in confidentiality clauses or NDAs are clearly set out in employment contracts and settlement agreements on measures to prevent misuse in situations of workplace harassment or discrimination. See our News item (25 July) for full details.

Back to ***Contents***

Pregnancy and maternity discrimination

25 July 2019

The Government has made a number of commitments in its response to the consultation on extending redundancy protection for pregnant women and new parents.

The consultation on extending redundancy protection for pregnant women and new parents ran from the end of January to 5 April 2019 and invited views on ways of achieving additional protection from redundancy for those returning from maternity and other forms of parental leave, and creating a more consistent approach to pregnant mothers and those on maternity leave.

In its response, the Government commits to:

- ensure the redundancy protection period applies from the point the employee informs the employer that she is pregnant, whether orally or in writing;
- extend the redundancy protection period for six months once a new mother has returned to work. We expect that this period will start immediately once maternity leave is finished;
- extend redundancy protection into a period of return to work for those taking adoption leave following the same approach as the extended protection being provided for those returning from maternity leave – it will be for six months; extend redundancy protection into a period of return to work for those taking shared parental leave, taking account of the following key principles and issues:
    - the key objective of this policy is to help protect pregnant women and new mothers from discrimination;
    - the practical and legal differences between shared parental leave and maternity leave mean that it will require a different approach;
    - the period of extended protection should be proportionate to the amount of leave and the threat of discrimination;
    - a mother should be no worse off if she curtails her maternity leave and then takes a period of Shared Parental Leave;
    - the solution should not create any disincentives to take Shared Parental Leave;

- establish a taskforce of employer and family representative groups. The taskforce will make recommendations on what improvements can be made to the information available to employers and families on pregnancy and maternity discrimination. It will also develop an action plan on what steps Government and other organisations can take to make it easier for pregnant women and new mothers to stay in work.

We shall keep you updated as work progresses in this area. The summary of responses to the consultation can be accessed below.

- Pregnancy and maternity discrimination consultation: government response

Back to ***Contents***

Confidentiality clauses: measures to prevent misuse in situations of workplace harassment or discrimination

25 July 2019

The Government is legislating so that limitations in confidentiality clauses or 'non-disclosure agreements' (NDAs) are clearly set out in employment contracts and settlement agreements

The Government has published its response to the original consultation on measures to prevent misuse in situations of workplace harassment or discrimination which ran through March and April 2019, and the final proposals in the response include:

- legislating so that no provision in a confidentiality clause can prevent disclosures to the police, regulated health and care professionals and legal professionals
- legislating so that limitations in confidentiality clauses are clearly set out in employment contracts and settlement agreements
- producing guidance for solicitors and legal professionals responsible for drafting settlement agreements
- legislating to enhance the independent legal advice received by individuals signing confidentiality clauses
- enforcement measures for confidentiality clauses that do not comply with legal requirements in written statements of employment particulars and settlement agreements

The consultation response document provides an overview of responses to the consultation and sets out the steps government will now take. It will legislate to implement the relevant commitments when Parliamentary time allows.

A consultation on sexual harassment in the workplace has also been launched by Government Equalities Office (GEO), which includes a call for opinions on interventions, other than enforcement, to stop the misuse of non-disclosure agreements in these cases. Government will consider these responses when looking at any future changes.

Back to ***Contents***

Consultation on transparency in supply chains

30 July 2019

Following an independent review of the Modern Slavery Act, a consultation has been published to gather views on proposed measures intended to increase transparency and compliance, improve reporting quality and extend the scope of the legislation.

Independent Review

In July 2018, the Home Secretary commissioned the Independent Review of the Modern Slavery Act. The aim of the Review, which focussed on four themes, including the transparency provisions of the Modern Slavery Act (section 54 - transparency in supply chains requirements), was to identify where the Act is working well, what can be improved in the implementation of the Act and whether specific areas of the legislation need to be strengthened.

On 22 May 2019 the final Review report was published. The transparency recommendations included clarifying the scope of organisations required to report, increasing compliance, further embedding transparency requirements into business culture, improving reporting quality and extending the requirement to publish a modern slavery statement to public sector organisations.

Geographical extent *- The consultation is being carried out by the UK Government and contains proposals which relate to a mixture of reserved and devolved matters. Separate consideration is being given to aspects of Transparency in Supply Chains policy in Northern Ireland and Scotland. Upon receipt of the consultation responses, government will liaise with the devolved administrations as appropriate.*

The consultation contains three parts. In summary the proposals under each section are as follows:

1. **Content of statements**

- increase the comparability of statements to drive action and support effective external scrutiny
- consider making reporting on specific topics compulsory
- allow organisations to justify why they have not reported on one or more of the criteria
- consider introducing legislative changes to align the areas on which organisations are required to report in other jurisdictions

2. **Transparency, compliance and enforcement**

- develop an online registry for modern slavery statements published under the Act, and in parallel amend the legislation to mandate publication on this registry
- introduce a single reporting deadline on which all organisations must publish their statement each year
- consider whether the introduction of civil penalties could be an effective tool to increase compliance

3. **Public sector supply chains**

- extend section 54, the transparency in supply chains requirements, to public sector organisations with an annual budget exceeding £36 million
- ensure the proposed approach to public sector reporting mirrors the current private sector transparency requirement as closely as possible

Public bodies will be those which exercise functions of a public nature or who are providing, under contract with a public authority, any service whose provision is a function of that authority; such as those covered by the Office for National Statistics Public Sector Classification Guide or those defined as public bodies in the Freedom of Information Act. This would include, for example, Central Government Departments and their Arm's Length Bodies (ALBs), local government bodies, including Combined Authorities, NHS bodies, police forces, and non-market and market public bodies (such as public corporations), which meet the budget threshold. Ministerial UK Government departments will be considered in scope of the reporting requirement regardless of their annual budget.

Responding to the consultation
Government is seeking views from all parties impacted by and interested in transparency reporting, from businesses to the public sector, charities, NGOs, consumers and investors. It is looking for respondents to consider which measures will drive engagement and compliance, accelerate action and progress, and ultimately improve outcomes for vulnerable workers in supply chains both in the UK and overseas.

This consultation closes at **midday on 17 September 2019.**

Responses are requested via this online form.

Back to ***Contents***

Cybercrime costing small firms millions

6 August 2019

Research from the Federation of Small Businesses (FSB) shows that small businesses are collectively subject to almost 10,000 cyber-attacks a day.

In January 2019 the FSB surveyed 1,135 businesses. Key findings include:

- One in five (20%) small firms say a cyber-attack has been committed against their business in the two years to January 2019. More than seven million individual attacks are reported over the same period, equating to 9,741 incidents a day.
- The annual cost of such attacks to the small business community is estimated to be £4.5 billion, with the average cost of an individual attack put at £1,300.
- Victims are most frequently subject to phishing attempts, with 530,000 small firms suffering from such an attack over the past two years. Hundreds of thousands of businesses also report incidences of malware (374,000), fraudulent payment requests (301,000) and ransom-ware (260,000).
- Those based in the North West, South East and West Midlands are most likely to be the victims of cyber-attacks, with 25%, 23% and 21% of small businesses in these areas reporting cyber incidences respectively.
- One in three small firms (35%) say they have not installed security software over the past two years. Four in ten (40%) do not regularly update software, and a similar proportion do not back up data and IT systems. Fewer than half (47%) have a strict password policy for devices.

CIPP comment
From the time lost dealing with an attack, to possible reputational damage, the impact can be considerable. The government's Cyber Aware campaign encourages individuals and small businesses to adopt simple activities that make a big difference including:

- ***always install the latest software and app updates -*** *they contain vital security updates which help protect devices from viruses and hackers*
- ***always back-up your most important data -*** *to an external hard drive or a cloud-based storage system. If your business' devices are infected by a virus or accessed by a hacker, your data may be damaged or deleted*
- ***provide staff with cyber awareness training -*** *simple measures like incentivising staff to report phishing emails or educating them on 'always downloading software updates' can go a long way. Direct staff to Cyber Aware for the latest advice*
- ***report all incidents of fraud and cybercrime to Action Fraud*** *on 0300 123 2040 or online.*

Back to ***Contents***

Average pay has fallen for millions of lower and middle-income jobs

14 August 2019

According to new TUC analysis, millions of employees in lower-paid and middle-income jobs have had real pay reductions over the last decade.

The Trades Union Congress (TUC) analysis looks at how occupational hourly pay has changed. It shows that, although the very lowest paid have benefited from minimum wage rises, millions of other workers in low and middle-income jobs have had real pay reductions since 2010.

Lowest earners (7.1 million people)

- Real pay for workers in jobs paying less than 75% of median pay (less than £9.55 an hour) has increased by 5% since the turn of the decade (2010-2018).
- But this increase is just half the rate of the prior period (2002-2010), when pay for this group rose at twice the rate (10%).
- The TUC says that the rise of 5% is largely due to the positive impact of raising the National Minimum Wage faster than inflation.

Low-to-middle earners (7.7 million people)

- Real pay for workers in jobs paying between 75% and 100% of median pay (between £9.56 and £12.73 an hour) has fallen by 1% since 2010.
- This reduction compares to a rise of 7% for this group between 2002 and 2010.
- The TUC says that the negative impact of austerity on the economy, along with a lack of collective pay bargaining rights, are largely to blame for low-to-middle earners suffering this loss of living standards.

Middle-to-high earners (11.5 million people)

- Real pay for workers in jobs paying between 100% and 200% of median pay (between £12.74 and £25.45 an hour) has fallen by 3% since 2010.
- The TUC says that this shows that middle-class earners have shared the negative impacts of austerity on living standards alongside those in working-class jobs; and they have common cause in needing stronger pay bargaining rights.

Highest earners (1.3 million people)

- Real pay for workers in jobs paying more than twice median pay (over £25.56 an hour) has increased by 4% since 2010.
- While the percentage rise is slightly behind the lowest earners, the cash increases are much higher than for any other workers.

The findings come from the 'Pay in working class jobs report' which is the first in a series of TUC reports looking at the experience of today's working classes. It shows that for most jobs, pay has been stagnant for almost a decade.

The report looks at the detail of:

- pay in working class jobs
- working class jobs today – and the types of occupations that are paid below the median
- who's doing working class jobs and working class diversity; and
- the new deal for working people we need.

Back to ***Contents***

New Zealand sanctions wages paid in cryptocurrencies

14 August 2019

New Zealand has become the first country legally to back companies that are paying employees in cryptocurrencies.

According to the Financial Times the ruling by New Zealand's tax authority allows salaries and wages to be paid in cryptocurrencies such as bitcoin from 1 September, as long as the payments are in regular, fixed amounts. The digital currency of choice must also be pegged to at least one regular currency and must be able to be converted directly into a standard form of payment.

The ruling, which was outlined by New Zealand's Inland Revenue, excludes self-employed taxpayers from earning incomes in cryptocurrencies. Companies that choose to pay their employees in crypto will be able to deduct tax under New Zealand's pay as you earn income tax scheme.

Legality of Cryptocurrency
Cryptocoinbase states that the new technology and the community around cryptocurrencies, which have become a new mainstream trend, have increasingly attracted the attention of law enforcement and policymakers. The legality of cryptocurrency depends on who you are, where you live, and what you are doing with it.

Due to the fact that cryptocurrency is anonymous and decentralised, regulators apparently have a hard time controlling it. However, as many legal authorities are beginning to learn and understand the cryptocurrency, new laws and regulations may come into force.

Cryptocurrency has various legal aspects to consider depending on the country. Some countries class cryptocurrency as money and legal, some class it as an asset and legal, some class it as neither illegal nor legal, with no legal frameworks in place. The tax situation may differ for those countries that class it as an asset rather than a real currency.

Back to ***Contents***

Holiday entitlement calculator temporarily removed

29 August 2019

Our Advisory service have received several queries from members about the GOV.UK holiday entitlement calculator as it has been removed from the website.

We contacted the Department for Business, Energy and Industrial Strategy (BEIS) and they explained that it has been removed temporarily for maintenance. Due to recent employment tribunal court cases and the changing working patterns that we are seeing, the opportunity is being taken to review the calculator.

We have been assured that it will be back up and running as soon as possible and we will keep your informed through *News Online* of its progress.

Back to ***Contents***

Employment numbers continue to break records

11 September 2019

Department for Work and Pensions (DWP) celebrate figures that show that the number of people in work is up 369,000 on last year.

Minister for Employment, Mims Davies said:

"Wages are consistently rising faster than inflation – now for over a year and a half – meaning we're seeing a sustained boost in pay, supporting consumer confidence and giving a vital lift to millions of households who gain from greater financial security.

"This joint record employment rate and decades-low unemployment shows our labour market is booming. It's especially pleasing to see continued record female employment at 72.1%, signalling the great strides we've made in empowering women in the workplace, whatever their background.

"There is still more to do. But today's positive figures again show a thriving, diverse and resilient labour market to be proud of, and we are in great shape for Brexit on 31 October."

The latest figures from the Office for National Statistics also show that the number of people in employment has risen on the year with the South East and the East Midlands seeing the biggest rise in employment at 148,000 and 74,000 respectively.

Since 2010, 2.8 million more people have been seen to be employed in higher skilled roles.

Back to ***Contents***

Withdrawal of Microsoft support for Windows 7 operating system may affect your access to Bacs

20 September 2019

Microsoft will withdraw support for the Windows 7 operating system on Tuesday 14 January 2020. If you are still using Windows 7 at that point, your access to Bacs services could be impacted.

As Microsoft will no longer issue software and security updates or fixes and will not be providing technical support, computers using Windows 7 will become vulnerable to security risks and viruses. Because of that, you could experience problems accessing Bacs services.

More information about the end of support by Microsoft for Windows 7 is available by visiting the Microsoft website.

Next steps
Bacs recommend that you speak to your IT department to ensure that your ability to make submissions and download reports from the Bacs service will not be compromised post January 2020.

Please be aware that, if re-installation of Bacs-related software is required, you will need to contact your Bacs Solutions Supplier.

Any questions
If you have any questions, you can either visit the Microsoft website or contact the Bacs Service Desk using the details below:

Email
Tel. No: 0370 165 0018
Contact us form
Monday – Friday 7am – 11pm (excluding Bank Holidays)

Back to ***Contents***

Non-receipt of payslips for UK employees between 2016-2018 for 9% of UK staff

2 October 2019

Moorepay have collated data from The Resolution Foundation and discovered that 9 % of UK employees did not receive payslips in the period from 2016 to 2018.

As payslips are a legal requirement and must be provided to employees on or before their pay date, this is of serious concern and raises significant questions around compliancy within UK businesses. The issue seems to be prevalent within small & medium businesses, with higher levels of non-compliance surrounding payslips in companies employing less than 250 staff.

The legislation surrounding the contents of payslips was amended at the turn of the current tax year to ensure further transparency of pay to employees. The current rules surrounding payslips are that all types of worker are now entitled to an itemised pay statement, inclusive of zero hour, bank and agency staff and also that there must be a visible separation between different rates of pay and the hours applied to that pay rate.

In scenarios where companies are failing to provide their employees with payslips it does raise the question of whether or not this has been directly influenced by a lack of compliance relating to National Minimum Wage and adherence to the new rules surrounding itemised pay statements.

Back to ***Contents***

Barclays to transfer all contractors to PAYE to avoid IR35 issues

4 October 2019

One of the UK's largest banks has confirmed that, due to upcoming reforms to off-payroll working rules, they will be employing all contractors on a PAYE basis, commencing early 2020.

Currently, the onus for establishing how a contractor should be taxed falls squarely on the contractor themselves but draft legislation (if enacted) means that this responsibility shifts to the end client / engager. Due to the intricacies surrounding how employee status is determined and the potential financial implications on income tax and National Insurance contributions (NICs) liability, Barclays have taken the decision to pay all future contractors under PAYE to simplify matters.

This also removes the necessity to individually assess each contractor which could be time consuming for a business the size of Barclays.

Computer Weekly reports that Barclays sent an email communication out to all individuals who will be affected, advising of their intentions. Speculation is rife that many contractors will move to provide their services to Barclays' competitors or even make the decision to work abroad as a direct result of the revelations.

CIPP comment

Listen to this 25-minute webcast where Diana Bruce, CIPP Policy & Research, covers the key changes (including the new statutory requirement for a Status Determination Statement) that will be brought in by the draft legislation (when enacted) and looks at the practical application of the new rules for off-payroll working in the public, private and third sectors from April 2020.

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

Lloyds the latest bank to announce plans following IR35 reforms from April 2020

10 October 2019

The Financial Times have reported that Lloyds are the latest bank to announce their intentions regarding contractors that they currently employ in light of the upcoming reforms to IR35. This follows the dramatic news from Barclays last week in which they announced that all contractors would be transferred to PAYE early next year. The banking sector is heavily reliant on the use of contractors so it will be interesting to see how some of the other major banks will decide to proceed in order to ensure compliancy with the new legislation and how to deal with the potential administrative burden surrounding the new rules.

Lloyds, who currently engage thousands of contractors, have admonished that those employed on a contractor basis will need to accept pay cuts of up to 30% or potentially risk losing their jobs. Some of those affected will be offered permanent roles but others will need to work via umbrella companies which have associated charges for contractors.

The main amendment bought by the reforms will be in relation to where the responsibility lies for who decides if an employee is classed as being 'inside IR35' or not. The onus has shifted from the contractor themselves to the engager and means that there will be significant administrative work required from Lloyds, should they continue to employ contractors on the same basis as they currently do. They have clearly decided on proceeding in a manner which removes the need for this additional work to be carried out. There would also be higher financial costs to Lloyds as

they would be required to pay the same liabilities on those classed as 'within IR35' as a standard employee, and the associated figures would also increase, for example, the Apprenticeship Levy figure.

CIPP comment

Listen to this 25-minute webcast where Diana Bruce, CIPP Policy & Research, covers the key changes (including the new statutory requirement for a Status Determination Statement) that will be brought in by the draft legislation (when enacted) and looks at the practical application of the new rules for off-payroll working in the public, private and third sectors from April 2020.

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

Potential deportation for EU citizens who miss registration deadline

14 October 2019

The BBC have published coverage of the revelation from the Home Office minister, Brandon Lewis, that EU citizens face possible deportation should they not observe the deadline for making their right to remain application. The controversial statement has drawn disapproval from many, with campaign group the3million observing that 'this is no way to treat people'.

Lewis confirmed that individuals could still be extradited even if they meet the qualifying criteria of a residence permit if they fail to adhere to the cut-off point, which currently sits at the end of December 2020 should a no-deal Brexit go ahead. There would be consideration for individuals who have valid justification for missing the deadline, but these would be classed as exceptions.

Figures reveal that there have already been 1.8 million applications to the EU Settlement Scheme, but with a predicted 3.3 million EU citizens currently residing in the UK, this means only just over half of the demographic have taken the required action. Of the applications that have already been processed, the statistics reveal that 61% were granted settled status, 38% pre-settled status and 0.5% were vaguely categorised as 'having other outcomes'. The revelation surrounding the deadline and the implications of missing it may prompt an influx in applications over the coming weeks and months.

The Home Office, acting as the voice of reassurance, have confirmed that they are 'looking for reasons to grant status, not refuse, and EU citizens have until at least December 2020 to apply.'

Back to ***Contents***

Survey finds that Contractors may 'jump ship' determined by 'inside IR35'

11 October 2019

Brookson Legal, a law firm who predominantly advise on IR35, have conducted a survey of over 500 contractors in relation to the upcoming potential reforms to Off Payroll Working Rules (IR35).

The response from participants revealed that if they are deemed as falling 'inside IR35':

- 59% would pursue alternative employment avenues
- 30% would potentially cease contracting altogether
- 14% may retire

- 13% would consider moving abroad

These results may come as no surprise, as similar predictions were made prior to the roll out of Off Payroll working in the Public Sector in 2017.

Intermediaries Legislation, commonly referred to as IR35, currently places an obligation on the Contractor's PSC to assess whether a contract is one of 'deemed employment' (i.e. falls inside IR35). Off Payroll working rules moves this obligation to the engaging client. If found to be inside IR35 rules, then the fee payer becomes responsible for operating PAYE and NIC on the 'deemed employment' payment.

In a simple arrangement the client and the fee payer will be one and the same body, however a supply chain that includes an agency or umbrella may also exist so establishing who the fee payer is will be important.

The client has several options to help them make a Status Determination and to illustrate their findings and evidence their decision.

They may choose to use the HMRC Check Employment Status for Tax (CEST) tool, which exists currently but is being updated to take on board the criticism it has received since its introduction in 2017. The tool will enable the engager to provide to the feepayer and the contractor (worker) the outcome of their determination and the reasons for their decision. The engaging client does not need to use CEST, they may use alternative methods e.g. professional advisors, in house specialists or specialist software. They will, however, need to demonstrate their reasons and demonstrate that they took reasonable care in reaching their decisions.

Under the new rules detailed within the draft Finance Bill the engaging client will need to develop a client-led status disagreement process. Under these new rules both the fee payer and the worker can raise an objection and the client will have 45 days in which to respond.

The survey findings pose a question that asks – how many of these contractors are operating IR35 rules now? Are their responses based on fear of different determination outcomes? Or as HMRC have widely stated, they may not have been operating the rules as currently required of them. This is important to know, as from April 2020, nothing will change for contractors who work with engaging clients in who are defined as 'small', they will still be required to make a status determination of their contracts as required by Intermediaries Legislation (since 2000).

The new off payroll working reforms will equally impact existing public sector engagements i.e.:

- the need for a client led disagreement process
- the need to provide information to the feepayer and to the worker
- the transfer of liability where a failure to apply the rules occurs

However, no public sector body will be defined as 'small', this definition is restricted to private and voluntary sector engagers who fall outside of the definition of public sector bodies.

The survey results not only demonstrate how contractors would react to an 'inside IR35' decision but also pave the way for deeper, more intricate conversations around processes that will be required as from April 2020. The survey also highlighted that some contractors do not trust that their client will apply the correct decision in their case which is a useful reminder that planning for change needs to begin now.

HMRC have begun to update existing guidance and issue new information but much more is yet to follow.

CIPP comment

If you have any comments surrounding the proposed reforms to off-payroll working and in particular, any concerns surrounding preparation for the changes, we would love to hear your feedback. Please email policy with any thoughts you may have. Thank you.

Back to ***Contents***

Budget date provisionally set for 6 November

15 October 2019

Chancellor Sajid Javid has confirmed that he will deliver his first Budget on 6 November 2019 but that, in the event of a no-deal Brexit, this will be a 'simple economic statement' with a full Budget postponed until a later date. Mr. Javid was appointed as Chancellor back in July 2019 and stated that his first Budget would demonstrate strategies to "shape the economy for the future." The Budget addresses tax and spending issues that will take effect from the commencement of the following tax year, so the November Budget will target changes due in April 2020.

The Office for Budget Responsibility (OBR) compiles and provides all the forecast data behind the Budget and have revealed that current predictions assume that a Brexit deal is agreed and comes to fruition. This would provide the reason behind why a no-deal Brexit would prompt a delay to the Budget as these forecasts would need to be amended accordingly and would be required in order to deliver an accurate portrait of the intentions for next tax year.

Back to ***Contents***

100% of tips for workers in The Employment (Allocation of Tips) Bill

16 October 2019

The Queen's speech on 14 October included the announcement that restaurants will be required to give employees the full amount of any tips that are left for them, as one of the stipulations of a new Bill that will be passed by Boris Johnson. The new measures will be enforced under The Employment (Allocation of Tips) Bill.

The Bill is one of 26 that the government plans to roll out and will ensure that 100% tip allocation is concrete in legislation to maintain the notion that individuals are rewarded for how hard they work, and that they receive fair payment that reflects that. The Queen spoke of this issue by confirming "My Government will take steps to make work fairer, introducing measures that will support those working hard."

Currently, there are no measures in place to combat employers taking a percentage of the tips earned by their staff, with many renowned high street names actively making deductions from gratuities donated by customers. The new proposed Bill will put a stop to this practice and ensure that employees receive the full monetary value of the tip that they have been awarded.

Back to ***Contents***

Social Market Foundation recommend that profits be translated to pay increases and training for workers

17 October 2019

The Social Market Foundation, a think-tank primarily concerned with economic prosperity, have advised that they believe new legislation should be enforced which commands that growing profits should be invested back in to pay increases for employees. There is also the suggestion that profits should also be put into funding for training for staff.

The report stated that staff retention was important in the world of business and that training would be beneficial for the employer as it instils invaluable skills in employees, which can be used for business needs. Three of the primary recommendations surrounded new duties for directors, encouraging investors and new reporting requirements, to ensure compliancy.

The duties for directors recommendation asserted that there should be a new stipulation in the Companies Act that companies have to actively be seen to be allowing their workers to share in the profit a company makes and that there should be some tangible way of demonstrating that this has happened. It was recommended that investors should investigate the pay and training plans in place for employees when deciding which businesses they wish to invest in. There should also be more clear and concise reporting into information surrounding training, wages, HR practices and

progression, which should be available in the public sphere, to encourage companies to invest more time and money into their staff.

Back to ***Contents***

ONS reports total pay increases of 1.9%

18 October 2019

The Office for National Statistics (ONS) have released documentation that evidences that there has been an increase in total pay between the periods of June to August 2019, compared to the period from June to August 2018. The uplift is by approximately 1.9% which also considers the effect of inflation. The figures include total pay to employees and encompasses bonus payments. Regular pay, exclusive of those bonuses, has increased by 2% over the same period.

Although the news that there has been a boost to pay is positive and fully welcomed, the statistics demonstrate that average weekly earnings still sit below the rates that were observed prior to the 2008-2009 recession. The total pay for staff was reported as £502 (gross) per week in August 2019 as opposed to the slightly higher figure of £525 recorded on February 2008.

The survey delves into the pay figures across various sectors and shows that most have seen a significant increase of over 3% to annual pay growth, with the exception of manufacturing, which saw a boost of 2.7% to total pay. There was also disparity between the public and private sectors as the private sector observed higher growth levels than public bodies, but seemingly saw higher growth levels in the period between March to May 2019. Experts have explained that this could be due to the NHS amending the dates for awarding pay rises for certain staff.

Back to ***Contents***

Continued support for the Mental Health at Work Commitment

23 October 2019

The Times has reported how 30 employers have recently signed up to the Mental Health at Work Commitment, with huge names such as Lloyds Banking Group, Unilever and John Lewis Partnership all pledging to honour the commitment, in a bid to improve mental wellbeing within the workplace.

The Mental Health at Work Commitment is underpinned by values originally laid out in the Thriving at Work review and in signing the commitment, businesses show their engagement with mental health at work and demonstrate that they are interested in the mental wellbeing of their staff. The six pledges of the statement, which have been devised alongside mental health charities, large employers and trade organisations are as follows:

- Developing a systematic programme of activity to prioritise mental health
- Being proactive in ensuring work design and organisational culture drive positive mental health outcomes
- Promoting an open culture around mental health
- Increasing organisational confidence and capability
- Providing mental health tools and support
- Increasing transparency and accountability through international and external reporting

Existing signatories include Royal Mail, Santander, Deloitte and Barclays, and there are a wide range of businesses from a variety of sectors that had previously signed up to the initiative. Figures released by the Mental Health at Work charity highlight the extent of the effect of mental health on individuals at work. It was found that 39% of employees had experienced poor mental health where work was at least partially responsible, and that 300,000 people lose their jobs every year due to long term mental health issues. Only 51% of people felt comfortable discussing mental health problems at work which demonstrates that there is still stigma attached to the issue of mental health, which shouldn't be perceived in this way in the 21st century.

Back to ***Contents***

BACS 2020 processing calendar available to download

23 October 2019

BACS.co.uk, part of Pay.UK has published the BACS 2020 processing calendar for individuals to download to assist them in scheduling payments for the calendar year 2020. BACS payments currently take three working days to clear and appear as available funds in nominated bank accounts so the calendar is crucial in preparing for this.

The calendar identifies processing dates, which is particularly important during periods where pay dates are affected by weekends or bank holidays, so payroll teams may want to place specific focus on holiday periods, such as Easter and Christmas.

The schedule can be downloaded in PDF format and contains an additional sheet that provides important information surrounding the processing of BACS. The advice given is to ensure that any payroll and payment software registers BACS non-processing days. It is also recommended that all staff affected by and involved in the processing of BACS are issued with a copy of the schedule so that they are aware of the key dates to be observed. The guidance also highlights how payments can be submitted up to 30 days in advance of the processing date (the working day prior to payment date). If this option is not available then the recommendation is to submit the payment as early as possible on input day.

The BACS 2019 processing calendar is also available should guidance for payments due in the current calendar year be required.

Back to ***Contents***

Statistics highlight that three quarters of mothers were in work from April – June 2019

28 October 2019

The Office of National Statistics (ONS) has released figures that pertain to the employment rates of parents, both male and female, in the UK.

75.1% of mothers with dependent children worked in the period of April – June 2019 with 92.6% of fathers working over the same period. There has been a significant uplift to the portion of working mothers since 2000 when only 66% were in employment. Since the turn of the century, there has been a shift in trends, as the rate of mothers who are employed is now higher than the rate of women without children who are working. Consistently, throughout this period, men with dependent children have had higher rates of employment than those without.

There are some figures that adhere to the suggestion that women still take more responsibility for childcare than men with three in ten mothers confirming that they had to reduce their working hours to account for childcare, as opposed to one in 20 fathers. This implies that there is still substantial work to be conducted to ensure that there are no gender stereotypes attached to who should be the predominant caregiver for children.

CIPP comment

The figures reflect a positive change over the past few years and suggest that the number of stay-at-home mothers, which is thought to contribute to the gender pay gap, is diminishing. It does, however, also imply that women are more likely to adapt their working life to accommodate looking after their children. The CIPP is conducting a survey surrounding alignment of Parental Leave and Pay for men and women, which will inform our response to proposed policies. The survey will run until 22 November 2019 and this is the perfect opportunity to help to mould how parental pay and leave is handled.

Back to ***Contents***

QuickQuid set to close, but how can employers help staff in times of financial stress?

29 October 2019

The BBC has reported how the payday loan company, QuickQuid, is set to close amidst regulatory uncertainty and the tightening of laws around providing short-term, high-interest loans.

The company has long been accused of unethical lending due to the high interest placed on loans, which are available to the most vulnerable in society who may not be able to afford the repayments. The situation soon becomes exacerbated as the action taken to resolve a debt problem can actually end up creating more excessive levels of debt which individuals find themselves struggling to escape from. QuickQuid is currently the largest payday loan lender in the UK and has been for several years but there are a multitude of organisations who operate in the same manner.

As Christmas is rapidly approaching, and with many employers paying their staff early in December to account for this, but still retaining the standard pay date in January, many employees struggle financially at the start of a new year. This is because there is a more substantial gap between two pay dates and Christmas is a very expensive time of year, when considering money spent on buying presents and for socialising over the festive period.

It could, therefore, be the perfect time for organisations to consider setting up a credit union payroll scheme. The Association of British Credit Unions Ltd (ABCUL) discusses the benefits of these unions and promotes the philanthropic element to them , also explaining how establishing a credit union could benefit the employer, by way of reducing financed-related stress in staff, and in turn, lowering absence at work. The initial set up of the scheme is usually free and the administrative costs of overseeing the union are relatively low but the advantages of credit unions are high.

Back to ***Contents***

Government proposals to make references mandatory

8 November 2019

Business Secretary, Andrea Leadsom announced new government proposals to ensure that all references are compulsory in a bid to crackdown on workers facing workplace discrimination.

The motivation behind the decision was in order to combat unscrupulous employers who threaten to withhold references as a bargaining tool, often in a bid to silence former employees from discussing serious wrongdoing in the workplace. The government accepts that this relates to a minority of businesses and that most UK employers comply with the law. If the proposals become law, then employers would be required to disclose at least a basic reference for all former employees.

The recommendations arose as part of a wider response to an inquiry on non-disclosure agreements (NDAs), which can commonly be used in discrimination cases. The government was urged to clampdown on and suppress scenarios which involved the misuse of NDAs, and to ensure that employees could still disclose information to regulatory bodies, such as the police. Part of these recommendations maintained that independent legal advice should be offered on this matter.

It was also suggested that confidentiality clauses should be written in clear, concise English, without the use of jargon or technical language, so that individuals signing them clearly recognise their rights and what they are agreeing to.

Back to ***Contents***

Research reveals professions Brits complain about the most – amazingly, payrollers do not feature!

8 November 2019

The online property firm sellhousefast.uk has published research relating to which professions people grumble about the most, and in a shocking twist, payrollers do not feature on the list once!

As the issue of pay is such a sensitive and emotive issue, it is easy to see why employees get so upset and frustrated if they feel that their pay is incorrect or in cases where there is actually an issue with their pay. Payroll departments up and down the country will not be strangers to being shouted at, cried to, or, in extreme cases, sworn at by staff members in relation to the subject of their wages. The fact that pay is of such importance reinforces the requirement for payrollers to get things right first time and to take additional care when processing all elements of the payroll, particularly those that directly impact pay.

The research was gathered using Google and examined the search volumes including the word 'complaint' in conjunction with a variety of professions. Police officers were awarded the prestigious title of most complained about profession, with over 29,000 Google searches including the phrase 'police complaint' conducted in a month. There were significantly higher numbers of police complaints than for any other profession, as number two on the list was lawyers, but they only clocked up around 5,800 searches in a month.

The remaining professions on the list were as per below, and some of the usual suspects are included but others make for surprising reading –

- Estate agents
- GPs
- Teachers
- Builders
- Accountants
- Dentists
- Postmen
- Nurses
- Opticians
- Gardeners
- Plumbers
- Recruiters
- Bank Managers
- MPs
- Child Minders
- Mechanics
- Traffic wardens
- Priests

CIPP Payroll training courses

Keep up to date with all of the latest in payroll legislation to ensure that your employees are paid correctly and that you are fully compliant, to avoid being grumbled about by your staff!

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

Advice for employers ahead of 2019 general election

14 November 2019

2019 has certainly been an eventful year for politics in the UK and with the upcoming general election on 12 December, there is more scope for political conversation and debate than ever.

Naturally, discussions of this nature will spill over into the office, so PA Life has offered some useful tips for organisations, as discussions regarding political persuasion and beliefs can often escalate and become confrontational and unpleasant. The advice is that, whilst political conversations cannot be stopped, employers should remind their staff of the requirement to respect each other's views and must also clearly state what behaviour is acceptable and what is not. Special attention must be placed on preventing harassment against employees via political beliefs, particularly on the grounds of race, gender, sexual orientation, and religion.

Expressing political allegiance through visible means, for example, clothing, should be prohibited in the workplace. This may be particularly relevant if staff are customer-facing. Similarly, restrictions should be imposed on the use of workplace social media and IT equipment, which will work to prevent employees from expressing their personal political viewpoints in a way which will then directly reflect on their employer.

In terms of allowing staff to take time off to vote, there is currently no statutory obligation for organisations to offer this. If a company does decide to grant any leave for this reason, the same rules should apply to all staff, or only offered in individual cases where more flexibility is required. Employers need to be careful to ensure that they are not discriminating against anybody when allowing time off to vote.

Back to ***Contents***

Scottish budget postponed until after Christmas

19 November 2019

Finance secretary, Derek Mackay has confirmed that the Scottish budget that was scheduled for 12 December 2019 will be delayed until after Christmas due to the impending general election.

Speaking to the Finance and Consultation committee, Mackay stated, "The Scottish Budget should be published after the UK Budget, a view the Finance Committee have indicated they share. Without a UK budget we would not know the final details of any Barnett consequentials from UK spending, or the impact of UK tax decisions. It would also be better to consider any new UK Government tax policy announcements and the OBR's new tax, social security and economic forecasts before a new Scottish Budget is brought forward. For these reasons, I have proposed that the Scottish Budget is not published until after Christmas, and I will work with the Committee to agree a new Budget date as soon as possible.A post-Christmas Scottish Budget will mean a shortened overall timescale in which to deliver and approve the Budget, and this will require flexibility on the part of the Parliament, the Scottish Government and the Scottish Fiscal Commission."

News of the postponement follows the fact that the budget that was originally scheduled for 6 November will not go ahead prior to the election that will be held in December. It is highly unlikely that a budget will be held this year, and It will most likely take place in 2020.

Back to ***Contents***

BACS publish processing dates for the festive period 2019

20 November 2019

BACS has circulated an extremely useful table which shows the dates for processing BACS over Christmas and New Year 2019.

While the additional bank holidays are extremely welcome, payroll departments need to be mindful of when they are submitting payrolls to ensure staff are paid on time this December and in January 2020. The below table was issued to assist with the task of timely payments and is a great help.

PAYMENT ARRIVAL DATE	PROCESSING DATE	LATEST SUBMISSION DATE
Tuesday 24 December	Monday 23 December	Friday 20 December
Friday 27 December*	Tuesday 24 December	Monday 23 December
Monday 30 December	Friday 27 December*	Tuesday 24 December
Tuesday 31 December	Monday 30 December	Friday 27 December*
Thursday 2 January	Tuesday 31 December	Monday 30 December
Friday 3 January	Thursday 2 January	Tuesday 31 December
Monday 6 January	Friday 3 January	Thursday 2 January

As previously reported, it is also essential that, when submitting the Full Payment Submission (FPS) over the Christmas period, payrollers include the contractual pay date and not the date that they are actually paying their staff, as many businesses opt to pay their staff early at this time of year.The importance of this lies in the fact that, inputting the earlier pay date could have repercussions for staff who receive Universal Credit payments, as it may skew the earnings reflected in the relevant assessment period. This may result in employees receiving lower benefit payments or even no payment at all in relation to Universal Credit.

Back to ***Contents***

Work-related mental health conditions resulted in over 12 million sick days last year

21 November 2019

Findings from the Labour Force Survey (LFS) which have been analysed by the Health and Safety Executive (HSE) show that a staggering 12.8 million working days were lost in 2018-2019 due to work-related mental health conditions.

The HSE is the UK's health and safety watchdog, which aims to reduce work-related death, injury and ill-health. Employers have been warned that they must work to resolve the issues that cause stress, anxiety and depression amongst their staff in the workplace, as the average number of days off work directly relating to work-oriented mental health conditions was 21.2 days per affected individual. There were 1,800 individuals affected per 100,000 workers, and there have been consistent increases to these figures since 2014-2015.

Women in the age bracket of 35-44 saw the highest number of cases, with 2,410 cases in 100,000 workers, and women in general were more likely to suffer from work-related mental health conditions resulting in absence, than men. Mental health is the predominant cause of work-related ill-health and accounted for 44% of cases.

Highly pressurised work environments with heavy workloads were listed as the main drivers behind work-related mental health conditions but the most recent data available is taken from data collated from 2009-2010 and 2011-2012 and so could potentially now be out of date.

Health and safety professionals have called for substantial improvements to be made to the current occupational health system and urged for the next government to reform policies to acknowledge workplace health.

The head of workplace wellbeing at charity Mind, Emma Mamo stated, "It's concerning that an increasing number of staff are needing to take time off sick because of problems like stress, anxiety and depression. It's not clear whether these issues are on the rise or, more positively, whether it's now more acceptable for staff to be open when they need time off work for these kinds of problems."

Back to ***Contents***

Employees would sacrifice their Christmas party in return for more regular rewards throughout the year

22 November 2019

With the festive period rapidly approaching, a survey has highlighted that ongoing benefits are more attractive than one-off perks that are offered to staff around this time of year.

1,400 employees and senior decision-makers from the UK, USA and Australia have taken part in a study conducted by Reward Gateway, which has revealed that staff would find rewards that are offered consistently throughout the year preferential to receiving a Christmas bonus or having a Christmas party. 65% of respondents also noted that their employers could have more understanding of what they would find beneficial during the holiday period, and 76% of HR members and business leaders confessed that they recognize this and that they could be assisting staff in more helpful ways over Christmas.

The figures show that percentages do vary based on the age bracket of the employee and that 58% of recent graduates would sacrifice a Christmas bonus if offered the option of more frequent rewards offered throughout the duration of the year. This dropped considerably to 42% for respondents aged between 45 and 54. Overall, over half of staff confirmed that they would forego the Christmas party if it meant that they could have access to ongoing rewards, recognition and savings.

It is an undeniable fact that most people are under additional financial pressure during the run up to, and over the Christmas period. 65% of HR managers acknowledge these higher levels of stress but only 40% of their organisations offer guidance and support in this field. This is potentially an area that needs to be addressed by businesses in an attempt to maintain employee financial and therefore, mental, health over the festive period.

Robert Hicks, Group HR director at Reward Gateway said

"Today, employees are challenging their employers to look at their benefits as well as reward and recognition programs more closely, getting them to understand that what has worked traditionally may not work for today's modern workforce.

What's interesting from the findings is that employee preference is changing, and that managers agree – companies could be doing more to better engage their workforces. Organizations that prioritize listening to their people and delivering continuous rewards and recognition can create an environment where employees are more engaged and excited about where they work all year, not just during the holidays."

CIPP comment

To ensure that, if you provide your employees with benefits, you are treating them in the correct way, you should enrol on the CIPP's P11D, expenses and benefits day-long training course. It will provide you with invaluable information surrounding the tax and NI treatment of various benefits and expenses and equip you with the correct tools to ensure that you are proceeding in line with legislation. The next course is being held on 8 January 2020 in London.

Similarly, if your organisation intends to, or currently does, payroll benefits, there is a one-day training course that provides guidance on processing Benefits in Kind (BIK) through payroll. This is an increasingly popular method of providing and administering benefits and the next course is being held in Bristol on 18 December 2019.

Back to ***Contents***

Bacs dates over Christmas and the future of the UK payments infrastructure

26 November 2019

BACS has circulated an extremely useful table which shows the dates for processing BACS over Christmas and New Year 2019.

While the additional bank holidays are extremely welcome, payroll departments need to be mindful of when they are submitting payrolls to ensure staff are paid on time this December and in January 2020. The below table was issued to assist with the task of timely payments and is a great help.

PAYMENT ARRIVAL DATE	PROCESSING DATE	LATEST SUBMISSION DATE
Tuesday 24 December	Monday 23 December	Friday 20 December
Friday 27 December*	Tuesday 24 December	Monday 23 December
Monday 30 December	Friday 27 December*	Tuesday 24 December
Tuesday 31 December	Monday 30 December	Friday 27 December*
Thursday 2 January	Tuesday 31 December	Monday 30 December
Friday 3 January	Thursday 2 January	Tuesday 31 December
Monday 6 January	Friday 3 January	Thursday 2 January

As previously reported, it is also essential that, when submitting the Full Payment Submission (FPS) over the Christmas period, payrollers include the contractual pay date and not the date that they are actually paying their staff, as many businesses opt to pay their staff early at this time of year. The importance of this lies in the fact that, inputting the earlier pay date could have repercussions for staff who receive Universal Credit payments, as it may skew the earnings reflected in the relevant assessment period. This may result in employees receiving lower benefit payments or even no payment at all in relation to Universal Credit.

The future of payments policy and regulation

Looking ahead you may be aware that there is a significant amount of development work ongoing in relation to the UK Payments infrastructure, which over the last year has seen the launch of Pay.UK which incorporates BACS, Faster Payments and Cheque and Credit Clearing company.

If these developments are of interest to you the Westminster Business Forum are holding a policy conference on Payments policy and regulation - infrastructure, innovation and end user priorities.

The agenda will look at:

- Regulation of payment systems following the market review into the supply of card-acquiring services
- Access to infrastructure, and competition issues
- Ensuring the stability of the UK's payment infrastructure and priorities for the Real Time Gross Settlement renewal
- The future for the UK's ATM network
- Innovation, consumer access to services, and preventing fraud
- Next steps for the establishment of the New Payments Architecture.

Regulation and the PSR's Market Review into the supply of card-acquiring services

The seminar is timed to follow the publication of the PSR's interim findings of its market review into the supply of card-acquiring service.

Sessions will also look at the potential impact of Brexit on UK payments regulation.

It comes with concerns that the existing regulatory framework may not be prepared to take on the responsibilities previously administered by the European Commission on payments regulation.

The establishment of the New Payments Architecture and the renewal of the Real Time Gross Settlement
The seminar comes with:

- Pay.UK continuing the ongoing implementation of the merger of Bacs, the Faster Payment System and the Cheque and Credit Clearing Company, which is expected to be finalised by 2024 as part of the New Payments Architecture (NPA); and
- the Bank of England renewing the Real Time Gross Settlement System (RTGS), aimed at increasing security, resilience, and access.

Delegates will assess the progress made in establishing the New Payments Architecture as:

- Pay.UK is expected to be undergoing contract negotiations, securing funding, establishing the project organisation, and IT and operational environment and
- the Bank of England undergoes its procurement phase for the build.

Innovation, access to payment services and the evolving landscape for UK payments

The seminar also comes at a time of significant change for the industry, consumers and businesses in light of the declining use of cash and the increasing role of digital payments and will hear about work being delivered as the Government commits to establishing a new working group which will aim to support access to cash and ensure that all current denominations remain in circulation, following its *Cash and digital payments in the new economy* consultation.

Preventing payment fraud

The seminar follows the introduction of the Stronger Customer Authentication (SCA) as part of the Payment Services (PSD 2) which is designed to reduce fraud and requires online payments to have a two-step authentication process.

The conference will consider the impact of SCA on online payments as the FCA phases in its enforcement action, following concerns that some e-commerce firms were not ready for the deadline and the impact that SCA is expected to have on the online payments process.

Delegates will also look at what else needs to be done to tackle fraud, including push payment fraud, such as Confirmation of Payee and increasing consumer awareness of scams, while also ensuring that payment markets function efficiently.

Details of this event, which is being held on 23 January 2020 in London, are available from Westminster Business Forum.

Back to ***Contents***

Unfair gender pay gaps in companies may prompt staff to look for another job

4 December 2019

Automatic Data processing (ADP) published its 2019 Workforce View report and the findings revealed that 68% of workers would consider leaving their job if there was a gender pay gap within their company.

HR Review has reported that over two-thirds of staff hold this viewpoint, which increased to 79% of women if they discovered that their gender had been unfairly paid. The report surveyed 10,585 employees in eight European territories, inclusive of France, Germany, Italy, the Netherlands, Poland, Spain, Switzerland and the UK.

Figures from the Office for National Statistics (ONS) did demonstrate that the gender pay gap is closing but that it is doing so at a very slow pace, with an improvement of only 0.6% when compared to 2002. At present, women earn 8.9% less than their male colleagues.

The managing director at ADP, Jeff Phipps, commented:

"Disappointingly, it seems that progress towards closing the gender pay gap has begun to stagnate, regardless of the introduction of pay gap reporting. Despite widespread calls for change, the gender pay gap appears deeply ingrained in workplaces in the UK, but employers cannot afford to be complacent. They need to recognise what's at stake in failing to address gender inequality within their companies."

Back to ***Contents***

Tax and NIC considerations on seasonal reward schemes

4 December 2019

In the run up to Christmas in 2018, the CIPP ran a series of festive themed Quickpolls on our web pages to gather a brief insight into how Christmas impacts payroll professionals.

As we approach the 2019 festive period we thought it would be worthwhile revisiting the results of some of those surveys to provide you with the results and provide what we hope will be a little light relief from the turmoil of electioneering.

Are the tax and NIC costs of your Seasonal reward scheme a factor in your decision making?

Yes – 22%
No – 15%
No, but we recognise it should be – 5%
Not applicable – we don't provide – 58%

Does your employer cover the full cost of the staff Christmas party?

Yes, in full - 49%
No, cover part - 18%
No, pay nothing - 33%

How will your employer process the value of your seasonal gift?

PSA - 18%
Will fall within Trivial Benefit rules – 29%
P11D reporting – 5%
Payrolling – 8%
Not applicable – 40%

The quick polls that are run throughout the year aim to gather an indicator of views at the time – a straw poll if you will and the Christmas polls can be a little more 'tongue in cheek'. This recognises the festive air that can permeate throughout December, but nevertheless the 2018 results were interesting and provide us with an opportunity to compare how we may sit alongside our peers.

Additionally, payroll departments, with their in-depth knowledge of tax and NIC implications are, quite often, best placed to advise companies on the cost of providing certain rewards, including those that could potentially be offered over the festive period.

Any businesses that are not considering the tax implications and additional NIC costs of the reward packages that they offer should turn their attention towards this when reviewing the perks that they offer to their staff at Christmas.

The CIPP will be running further seasonal QuickPolls throughout the month of December, so please look out for them on our News Online page and take a moment to respond when you can!

Back to ***Contents***

Number of people placed in permanent jobs drops in November

9 December 2019

The findings of a report compiled by KPMG and The Recruitment and Employment Confederation (REC) demonstrated that the number of people who were placed into permanent job roles dropped in the month of November.

This is the ninth consecutive month that the trend has been observed and experts are attributing it to current political uncertainty, namely Brexit, which has led to a number of businesses delaying or putting a complete halt to recruitment plans. Similarly, it was noted that the uncertainties surrounding Brexit made staff hesitant to seek out or pursue new

opportunities so there was also a dip in candidate numbers. November displayed the slowest increase in vacancies since the levels began to increase back in October 2009 which means it showed the slowest upturn of vacancies in over a decade.

There was, however, a slight increase in temporary bookings but temporary wage inflation suffered a three-year low. Increases to permanent starting salaries also eased and rose at the slowest rate since December 2016.

The report data was collated from questionnaire responses taken from a panel of approximately 400 UK recruitment and employment consultancies. It also reviewed the number of permanent placements according to different locations and across the public and private sectors. Permanent placements decreased in both the Midlands and the South of England but increased in the North and London. Whilst permanent placements dropped in the Midlands, the number of temporary billings increased at a rapid rate in that area.

In the private sector, the need for permanent staff increased slowly whilst the demand for temporary employees increased consistently. The requirement for permanent and temporary staff within the public sector, however, both decreased in November.

Back to ***Contents***

Majority of workers confirm that December's early pay date results in financial difficulty in January

10 December 2019

In a survey conducted by financial technology company, Hastee, 82% or eight in ten UK workers admitted that the early pay date that is offered by many employers in December to help alleviate some of the pressures of Christmas can have a detrimental effect later. This is because they struggle to make ends meet in January due to the extended duration between the two pay dates.

1,000 employees across the UK and Ireland took part in the research and it also highlighted that 78% of people have to use credit of some form in the new year as a result of frivolous spending over the Christmas holiday period. 47% utilised payday loans, credit cards and overdrafts which are high interest financial products and can end up costing way more than the initial amount used.

55% of respondents confirmed that they worked overtime to generate extra funds at this time of year and 40% even reported that they had to work in more than one job in preparation for the festive period. The results of the survey also revealed the darker side of Christmas as six in ten employees explained how they experience Christmas-related financial stress which then spills over to affect their performance in the workplace.

35% have even said that Christmas forces them to spend and live beyond their means, leading to an inability to pay their bills with 50% having to sacrifice home comforts such as heating and electricity.

The chief executive officer at Hastee, James Herbet said:

"What's supposed to be a time of celebration has become a stressful ordeal for workers with many feeling forced to borrow. This negatively impacts workplace productivity and this impact can last for months as workers struggle to catch up with their finances.

Wellbeing solutions that increase liquidity by giving workers access to their earnings on demand are readily available for employers to implement at zero cost. Employers benefit from improved productivity and workers get a fair chance to enjoy a happy Christmas. These solutions can also help businesses align themselves with destination employers that attract and retain talent more effectively with the range of benefits they offer."

Back to ***Contents***

New higher Social Security contribution rates for Jersey from January 2020

10 December 2019

Gov.je has released the new Social Security Earnings Limits to be applied to employee pay in Jersey effective from 1 January 2020.

Organisations must pay 2.5% on employee earnings where the earnings fall between £4,558- the Standard Earnings Limit (SEL) and £20,800 – the Upper Earnings Limit (UEL).

The employee must contribute 6% of earnings up to £4,558 and the employer must pay 6.5%.

The table below shows the new threshold rates:

Monthly earnings limit	**Amount per month**
Upper Earnings Monthly Limit (UEL)	£20,800
Standard Earnings Monthly Limit (SEL)	£4,558
Lower Earnings Monthly Limit (LEL)	£968
Minimum rate 2 class 2 contribution	£975.80
Standard Rate	£569.75

Just as a reminder of the rates to use up until 1 January 2020 and to show some comparison between the two years, the current rates which have been in place since 1 January 2019 are as follows:

The employee must contribute 6% of earnings up to £4,442 and the employer must pay 6.5%.

Monthly earnings limit	**Amount per month**
Upper Earnings Monthly Limit (UEL)	£14,686
Standard Earnings Monthly Limit (SEL)	£4,442
Lower Earnings Monthly Limit (LEL)	£940
Minimum rate 2 class 2 contribution	£760.13
Standard Rate	£555.25

There is also a calculator online that can be used to assist with the calculations. The 2019 rates will be used on this site up to 15 January 2020 and beyond that point, the 2020 rates will be applied.

Back to ***Contents***

The holiday entitlement calculator is available for use online after being removed earlier this year

18 December 2019

After a brief hiatus, the holiday entitlement calculator is now available to use again and can be located here. It was previously withdrawn for amendment as a result of the outcomes of various tribunal court cases that focused on the topic of holiday pay over the course of the past year.

Due to the increase in the popularity of using 'gig' workers and employing people on a zero hours basis and a general shift in the nature of working patterns, the concept of holiday pay is no longer a simple and straight forward one and a variety of factors need to be considered before calculating the entitlement that a worker is entitled to.

Updated guidance has been published, and there is a caveat within it that states that it is intended to aid the understanding of statutory holiday entitlement calculations, but is not exhaustive and cannot be used to provide definitive answers to individual queries. The advice given is to seek legal advice or to contact ACAS in the event of any uncertainty.

The guidance discusses calculating the statutory holiday entitlement for people who work fixed days, those who work fixed / compressed hours, people who work on a casual or irregular basis or who have annualized hours and how to calculate entitlement for shift workers. A major change is that zero hours workers will accrue holiday entitlement based on the dates of their contract and not on the total of the hours or weeks that are worked within that contract.

The document explains how to calculate holiday entitlement for each of the scenarios listed above, where people start with or leave a company part way through the holiday year, and even where they do both in the space of a leave year.

There is separate guidance relating to calculating the pay that somebody should receive in relation to their holiday. Where somebody has fixed hours, the calculation is simple, and the employee is entitled to the equivalent of a week's pay. Where somebody performs shift work, or has no fixed hours, the calculations get somewhat more complex, as per below:

Working pattern	How a week's pay is calculated
Fixed hours and fixed pay (full- or part-time)	How much a worker gets for a week's work
Shift work with fixed hours (full- or part-time)	The average number of weekly fixed hours a worker has worked in the previous 12 weeks, at their average hourly rate
No fixed hours (casual work, including zero-hours contracts)	A worker's average pay from the previous 12 weeks (only counting weeks in which they were paid)

The average rate should be taken over the last 12 weeks but where there is a week with no pay, this should be discarded, and the count should go back another week until a full 12 weeks that include pay are considered. Where a worker has been employed for less than 12 weeks, the advice given is to use the average pay rates for the full weeks they have worked.

CIPP comment

The CIPP welcomes the new holiday entitlement calculator and also the guidance surrounding the calculations behind it and the advice relating to the calculation of holiday pay.
Due to the upcoming reforms to the calculation of holiday pay which will take effect in April 2020, obviously the calculations will change shortly but no further guidance on the topic has been published at the time of writing.

Back to ***Contents***

Small & medium businesses fret about the expectations of staff at Christmas

12 December 2019

A new study by Intuit Quickbooks has revealed that many small and medium business owners spend higher amounts per head on employees at the Christmas party than required as they are worried about staff expectations at Christmas time.

The research highlighted that the average employee would be satisfied with a company contribution of £40 per head to the Christmas party but that the average employer believes that the spend should be £52 a head, which is significantly higher. In fact, seven out of ten, or 70%, of small businesses were worried about expectations being too high but it seems that it is actually employers who are the ones placing high expectations on themselves.

The reality is that the creation of a festive environment at work is of equal importance to staff as the event of the Christmas party itself and this can be achieved on a much smaller budget, for example by decorating the office or playing Christmas music. This should allay some of the fears of small and medium businesses in relation to cash flow at Christmas, as four out of five employees confirmed that their work surroundings were what made them feel more upbeat about their job.

The HR leader at Intuit Quickbooks commented:

"It is so important at this point in the year for everyone – bosses and workers alike – to find time to relax and recharge.

For the bosses worrying about balancing their cash flow against employee expectations - hopefully reading this will help at least some of you rest a little easier tonight.

When push comes to shove, bosses can focus on the little things – like Christmas decorations, music and flexible working – to keep a happy workforce this Christmas, rather than worrying about putting on the nation's best Christmas party.

But in case there was any doubt of the value of treating your employees right, the picture painted by today's research couldn't be clearer. Invest in rewarding your employees for a year's hard work, and they'll reward you and your business with another year of loyalty, effort and positivity.

For the bosses who are stressed about this time of year – it doesn't need to be this way. Start by facing your financial fears and making an honest assessment of what you can afford to spend. Then have an open conversation with your employees about it. For a significant chunk of employees, doing nothing more than having an open conversation will make them feel much more positive about you and the business."

In organisations with less than ten staff, only 50% would host a Christmas party, in comparison to 70% in other larger businesses that are still defined as being small. The reluctance to throw a Christmas party is influenced by staff opinion about what is acceptable the following day – three quarters of workers have no qualms about turning up to work late the following day and one in ten actually think that they can skip work all together and not face any consequences. The smaller the company, the bigger the impact of one or some of the workforce not attending work so the responses are understandable.

The dilemma of wanting to motivate staff at Christmas by offering great perks but ensuring that there are sufficient funds to do so means that three in ten bosses experience feelings of stress over the festive period and four out of five confirm that cash flow is of the highest concern.

Back to ***Contents***

Newcross Healthcare offers Flexi Pay option to staff

17 December 2019

In a bid to drive recruitment and retention of staff, Newcross Healthcare has implemented 'Flexi Pay' technology which allows staff to claim an advance on their pay directly after they finish a shift, as opposed to having to wait until their official pay date on either a weekly or monthly basis.

The independent healthcare provider provides staff with access to the app, HealthForceGo, which is a bespoke tool, tailored to offer shifts to staff who have the relevant experience. Employees can then receive payment as soon as their shift has been validated and confirmed as completed. Newcross has teamed up with its banking partner, Lloyds Banking Group in order to facilitate this. Staff can request anything up to 50% of the amount of pay for the shift and this option is available to them all day, every day, throughout the year. The figure that has already been paid to staff outside of the standard payroll date will appear as a net deduction on their payslip the following pay period.

This signals a move away from the traditional method of paying employees on a weekly or a monthly basis and the intention is to provide support to employees who may require access to their finances in a timelier fashion. The minimum withdrawal amount is ten pounds and only one request can be made in a 24-hour period. There is a two-pound charge attached to each Flexi Pay withdrawal, which is deducted from the amount that is paid out to staff members.

The CEO and co-founder of Newcross Healthcare, Stephen Pattrick commented

"One of the reasons clients choose us is our ability to respond quickly to the needs of our service users. Sometimes that means placing staff with very little notice. If we're asking our people to be flexible, I think we also have a duty of care to be flexible. That should include the way we pay them.

We're investing in technologies which enable our staff to be auto-assigned shifts based on their availability, to train in an online learning environment and now to choose whether they request Flexi Pay at any time of the day to receive funds into their bank account instantly.

Flexi Pay is a first in the market and utilises pioneering technology from Lloyds Banking Group. The levels of usage and feedback we've received have been extremely positive and we're excited to continue building new features that give our employees flexibility, freedom and choice to fit work around the other priorities in their lives."

Since it was introduced in May 2018, 119,166 Flexi Pay requests have been made and a total of £13.5 million paid out, with the average value equating to £135.36. 6,026 Newcross Healthcare employees have used the service, proving that it is highly popular.

Flexi Pay and the gravitation away from the traditional method of paying employees on a fixed basis gives an insight into the ever-evolving face of payroll and how important it is for payroll departments to embrace change and prepare for the future. Other areas of interest are that of cryptocurrency and Artificial Intelligence, or AI. Methods of paying people and delivering a payroll service will not remain static and it seems that there will be many interesting and exciting changes over the coming months and years.

Back to ***Contents***

The number of people working on Christmas Day in the UK is expected to exceed the 4.5 million mark

13 December 2019

When you are tucking into your turkey dinner on Christmas Day, surrounded by loved ones and perhaps a bit merry from a couple of glasses of wine, spare a thought for those people who are required to work on 25 December and so will not have the luxury of relaxing and unwinding all day.

Research has highlighted that approximately 4.7 million UK individuals will work on Christmas Day this year. They will work a total of seven hours on average and one in five healthcare workers will be required to work on 25 December.

The study, conducted by One4all Gift Cards which drew responses from 1,382 UK workers found the following:

- Although the average working day will consist of seven hours, nearly one in five – or 18%- of respondents will be required to work over nine hours on Christmas Day
- Although the practice of working on Christmas Day was most prevalent within the healthcare sector, 11% of those employed within the arts and culture industry, 9% of HR staff, 8% in the legal industry and 7% in the catering, leisure and retail sector will also be working that day
- The aspects of Christmas Day that respondents will miss the most are spending quality time with family (46%), eating a Christmas dinner (36%) and handing out presents (27%).

It isn't all doom and gloom, however, as 33% revealed that they actually enjoy working over the festive period and 77% recognised that helping others embodies the true meaning and sentiment of Christmas.

The group marketing director at One4all Gift cards, Aoife Davey, commented:

"Christmas is a special time and for many it might be that one day in the year when they get to see loved ones and family members who live further afield, and so it's a shame that so many are missing out due to work commitments."

Back to ***Contents***

Study predicts Santa's salary and job role

24 December 2019

As the levels of excitement in the run up to Christmas reach fever pitch, City Lit, the adult training course provider, decided to embrace the festive spirit and release some fun facts about Father Christmas, what sort of courses he would enrol on and what his job title would be.

The study found that if Santa was *real* he would most likely be Chief Executive Officer (CEO) of the North Pole and would command a basic salary of £120,000 per annum, in addition to a huge £30,000 bonus should all 2.2 billion children receive their Christmas presents in a timely fashion on Christmas morning.

The company also identified the courses that would be most beneficial to Santa and his elves in order to help them prepare for 25 December every year. The courses suggested for Santa were 'meditation and stress management', 'contemporary culture' and 'data analysis and statistics'. These courses were designed to help him manage the stress of having such tight deadlines, to learn foreign languages and to help him to collect data from all 2.2 billion children he has to deliver presents to.

The courses that would help the elves were listed as 'introduction to clothes making', 'jewellery making' and 'social media & blogging'. The skills obtained from these classes are more practical but would help Santa in his role ahead of the big day.

CIPP comment
The CIPP appreciates that this is not your archetypal News Online article but wanted to include it and to say to all of our members, we hope you have a Merry Christmas and a Happy New Year. See you in 2020!

Back to ***Contents***

Research suggests that 60% of employees in the retail sector have received incorrect pay

24 December 2019

The payroll and human resource software and service provider, Zellis has published the results of a survey of 650 British retail employees relating to the topic of pay. The findings show that over half of respondents reported mistakes in relation to their pay (61%) and almost a third stated that they had been paid late at least once (29%).

The research suggests that there are wider implications for individuals who are paid incorrectly and where they aren't paid on time, as 32% of responders missed direct debit payments, 29% had to go into their overdraft facility and 25% have incurred bank and interest charges. This is particularly pertinent as other research has highlighted that those who work in the retail industry are more likely to suffer financially, with 68% of workers reporting that they suffer from money worries.

The findings demonstrate how important it is for payroll departments to ensure that they are fully compliant with legislation and that they process payrolls correctly in the first instance, as a bad payroll experience meant that 35% of people would start to distrust their employer and 32% reported that it made them feel as though their employer didn't care about their financial wellbeing. The same proportion admitted that it made them feel less engaged and lowered their motivation levels at work. A substantial 15% even confirmed that they had actually left at least one retail role as a result of a negative payroll experience.

Helen Hargreaves, Associate Director of Policy at the Chartered Institute of Payroll Professionals (CIPP), commented:

"In the retail sector, where levels of staff turnover are high, shift patterns are seasonal, and large numbers of employees receive the National Minimum Wage, running a reliable and sophisticated payroll function is no easy task. With staff working extra hours and overtime at this time of year, retailers must guarantee the right information is communicated to the payroll team so that each person receives their fair pay for the work completed. January is a notorious month for poor financial wellbeing, so these companies would do much to boost employee trust and engagement if they ensure December payslips are accurate and on-time."

John Petter, CEO of Zellis said:

"In the midst of the busy winter period, retail businesses must take stock of whether their current payroll and HR systems are suited to handling the complexities of their workforce. Rigorous and ever-changing employment rules, especially those which relate to pay and benefits, are being more strongly enforced than ever before. Non-compliance can cause a myriad of unnecessary financial, reputational and HR problems for retailers that are already under significant pressure due to squeezed margins, rising costs, and low consumer confidence.

Unfortunately, increased competition, combined with a drive to cut costs, could be contributing to underinvestment in the back office systems which are vital to the wellbeing of employees on the ground. But if retailers want to preserve a strong high-street presence – which itself must be underpinned by a happy and engaged workforce – this is a problem which needs to be urgently addressed in 2020."

Back to ***Contents***

Webcast: Christmas payroll considerations

24 December 2019

Lora Murphy, Senior Policy Liaison Officer at the CIPP has recorded a webcast ahead of the festive break that discusses the implications of Christmas on December pay dates and for payroll departments.
The discusses the following areas of interest:

- The effect of early payment dates and key points to consider
- FPS easement over Christmas period
- Providing staff benefits
- Overtime & temporary staff
- January – a new holiday year

Please follow this link to access the webcast.

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

Three-fifths of UK organisations not prepared for executive pay ratio reporting

25 December 2019

Payroll software and services provider, MHR, collated the responses from a Twitter poll that included 1,000 people who would be responsible for reporting the executive pay gap at their company. The results highlighted that a staggering 60% of businesses are still not prepared for the new rules which will come into effect in 2020.

UK listed companies who employ over 250 employees are required to report the pay ratio between their chief executive and what are classed as "average" employees, due to legislation that was introduced in January 2019. Employers will be obligated to disclose this information on a yearly basis, and it is crucial that payroll professionals and companies, in general, are well prepared for the upcoming changes.

The figures that will be reported are the ratio of the CEO's pay to the median, lower quartile and upper quartile pay of UK employees. There will also be the added requirement for large companies to report how directors take employee and other stakeholder interests into account, and large private companies will need to report on corporate governance arrangements.

The rationale behind the introduction of the new rules is to ensure that Britain's largest businesses are held to account for exorbitant salaries and to provide employees with a greater voice in the boardroom. This all ties in with the wider ambition to make the UK one of the most attractive places to work and also to invest in and grow businesses.

CIPP comment

The CIPP offers a comprehensive online training course that assists individuals and organisations in relation to preparing for the upcoming obligations surrounding disclosing figures relating to the ratio between the pay of CEOs and "average employees". The next session will be held on 5 February 2020, and you can enrol here.

Back to ***Contents***

Carer who was overpaid £10,000 due to company error spent the money before employer noticed

6 January 2020

Michelle Marsh, who was employed by Anman Care Services, received £11,744 in her March 2019 pay packet due to an administrative error, when ordinarily she would have received £1,744. Rather than alerting the company she worked for of the issue, she spent the balance of the overpayment within days.

The firm realised that there had been a serious mistake and contacted the employee to request the money back but were told that the money had already gone. She confirmed that she would have to pay the money back in instalments.

Marsh was sentenced at Swansea Crown Court on 2 January, where a Judge remarked that she must have known that the appropriate action to take would have been to report the discrepancy, and not spend the funds that she was not entitled to. Her barrister confirmed that she was in a "desperate financial situation" and that she was "utterly ashamed" of her actions and the impact that her offending had had on all involved. He also added,

"Once the money was there, temptation got the better of her and the money was gone. It was almost inevitable that she would get caught."

The defendant pleaded guilty to theft and has no previous convictions. The Judge recognised that, although the sentencing guidelines advised of a custodial sentence that would last a matter of weeks, he felt that this would "achieve absolutely nothing", and handed her a two-year community order, along with 240 hours of unpaid work. There was no order for compensation or prosecution costs.

CIPP comment

Once an overpayment has been made, it can sometimes be difficult to recoup the funds sent in error for a variety of reasons. To help prevent overpayments from occurring in the first instance, the CIPP offers a half-day training course which assists in identifying common causes of overpayments which can work to prevent them from ever happening. The next course is being held in London on 14 February 2020 and you can enrol here.

Back to ***Contents***

£50 billion in late payments being chased by SMEs in the UK

14 January 2020

1,000 CEOS, founders, directors and senior management staff at SMEs have been surveyed by the financial services company, Tide, which highlighted that small and medium size British businesses are chasing payments that total over £50 billion.
Along with the cost of the actual outstanding payments, companies need to consider how much time is dedicated to chasing outstanding invoices, as this will also cost them money as they need to factor in paying their employees for their time. The research showed that the average SME has five outstanding invoices at any given point, which employees are spending 1.5 hours per day chasing, and an average figure of £85,000 is the amount owed. Businesses who employ between ten and 50 staff are owed approximately £13,000, spread over an average of 7.5 invoices.
The issue also affects those who are self-employed, who ordinarily have an average of four outstanding invoices, which total a figure of roughly £1,000. It is thought that the outstanding amounts average £1,000.

The severity of the problem varies considerably based on location, with London claiming they struggle the most in relation to late payments, and have an average of seven invoices outstanding, which takes two hours a day to follow up. This was closely followed by Scotland, who reported six unpaid invoices, taking an hour and a quarter to track down each day. Those in the south west suffered least with an average of three unpaid invoices.

The issue is so substantial that 50,000 SMEs were forced to close their business due to the amount of late payments in 2016.

Tide's CEO, Oliver Prill, commented:

"It has been known for a while now that late payments are crippling SMEs, with the government having tried a number of times to address the issue. It is however shocking to see exactly how much time SMEs, and particularly the self-employed, are wasting by having to chase clients to pay promptly. Cash flow is crucial for SMEs, and just a few late payments can tip them into danger of becoming insolvent.

In addition to wasting time chasing payments, decision makers and senior leaders at SMEs are spending 30% of their working day (12 hours per week) on unprofitable admin tasks, based on the average weekly hours worked. This is equal to almost two and a half hours each day (30%) – totalling 12 hours per week spent on tasks such as banking, expense management, book-keeping and accountancy. 83% say they regularly work outside of 'normal' office hours, with more than half (55%) working weekends and 2 in 5 working on bank holidays (40%)."

Back to ***Contents***

Number of Greater Manchester businesses to prohibit zero-hours contracts

28 January 2020

Founder supporters of the "Good Employment Charter" in Greater Manchester have agreed to ban zero-hours contracts and will pay higher rates than that of minimum wage to their staff. More than 60 companies have promised to sign the charter, with those still in talks about signing the charter exceeding the 100 mark.

The charter is the creation of Labour mayor, Andy Burnham, who asserts that the UK needs to enhance wages and improve the treatment of employees, due to growing concern that there is a widespread practice of businesses offering low-paid jobs, which are leaving people struggling to live comfortably. The Financial Times reported that he said:

"We want to support our world-leading businesses, helping them to grow and invest in our places, while at the same time making sure our residents develop the skills to succeed and find good, secure jobs that pay a real living wage.

This Good Employment Charter is a major step towards making sure that new and existing jobs right across our city region are underpinned by a commitment to equality, fair pay, and giving employees a say in how their workplaces are run."

Companies that sign the charter will be making a commitment to treat staff correctly, to consult with them, along with offering flexible working options as well as clear and tailored training and progression opportunities. Details of some of the first signatories have been provided and they are the family-owned property business, Bruntwood and the company who runs the regional power grid, Electricity North West. Some well-known businesses are also in discussions to join the charter, and familiar names such as Kelloggs, Lloyds Banking Group and Manchester Airports Group fall into this category. The Lloyds ambassador for the north of England, Elyn Corfield, said:

"Supporting a productive and healthy working environment is essential in helping local businesses thrive. It is something that is central to our culture at Lloyds Banking Group. The Good Employment Charter enables us to further enhance the wellbeing of our colleagues and local communities.

Our initiatives include providing funding for apprentices across the Greater Manchester area and delivering skills academies to help boost digital capability across the region."

The Greater Manchester Combined Authority cannot force companies to sign the charter but is offering incentives to those businesses that do. Only signatories will be eligible for investment from its GM Business Fund, which has invested over £116 million into over 100 businesses in recent years. Companies who sign up are also more likely to win public procurement contracts in the city.

Back to ***Contents***

---

201 million hours lost to healthcare appointments in the last year

4 February 2020

Benefits provider, Unum, has conducted research into the extent of time taken off by employees in relation to health appointments, and the findings suggest that UK businesses lost 201 million hours, or the equivalent of £900 million in paid sick leave in the last year.

The research surveyed 2,031 full-time (30 hours or more per week) UK workers, aged 18 and over, which highlighted that the average full-time worker made 3.1 visits to their GP and 1.7 visits to specialists, equating to an average of 8.3 hours spent at appointments each year.

Survey results showed that in 2019:

- 77% of workers confirmed that their productivity levels at work were lower whilst waiting for appointments
- 60% reported that taking time off to attend appointments was 'stressful' to them, with 25% cancelling appointments due to workload or personal issues
- 21% of employees have taken a full day off to attend an appointment lasting one to two hours
- 201 million hours, or £900 million, in paid sick leave has been lost by UK businesses as a result of employees taking time off to attend health appointments
- 62% of full-time workers who have had to cancel healthcare appointments reported that their health had deteriorated to some extent as a result

Whilst the survey estimated that companies lost approximately £900 million in paid sick leave, it also revealed the hidden costs to employers, in terms of employee productivity being affected during the period in which employees had to wait to attend healthcare appointments.

UK Chief Executive of Unum, Peter O'Donnell commented:

"Good employers understand the importance of enabling workers to attend their health care appointments promptly and it's concerning that so many feel stressed about taking this time out.

What's even more worrying is the number reporting worsening conditions either due to missing an appointment or having to wait a long time to get the help they need."

Back to ***Contents***

The bank and public holiday dates for England and Wales, Scotland and Northern Ireland for 2020 and 2021

17 February 2020

There are a different number of public and bank holiday dates observed, dependent on which region of the UK is being discussed. Northern Ireland are in the fortunate position of enjoying ten, followed by Scotland with nine and England and Wales who have eight bank and public holiday dates, which are in alignment with one another.

The tables can be viewed below, as the dates are important for payroll professionals to be aware of.

England and Wales

2020

1 January	Wednesday	New Year's Day
10 April	Friday	Good Friday
13 April	Monday	Easter Monday
8 May	Friday	Early May bank holiday (VE day)
25 May	Monday	Spring bank holiday
31 August	Monday	Summer bank holiday
25 December	Friday	Christmas Day
28 December	Monday	Boxing Day (substitute day)

2021

1 January	Friday	New Year's Day
2 April	Friday	Good Friday
5 April	Monday	Easter Monday
3 May	Monday	Early May bank holiday
31 May	Monday	Spring bank holiday
30 August	Monday	Summer bank holiday
27 December	Monday	Christmas Day (substitute day)
28 December	Tuesday	Boxing Day (substitute day)

Scotland

2020

1 January	Wednesday	New Year's Day
2 January	Thursday	2nd January
10 April	Friday	Good Friday
8 May	Friday	Early May bank holiday (VE day)
25 May	Monday	Spring bank holiday
3 August	Monday	Summer bank holiday
30 November	Monday	St Andrew's Day
25 December	Friday	Christmas Day
28 December	Monday	Boxing Day (substitute day)

2021

1 January	Friday	New Year's Day
4 January	Monday	2nd January (substitute day)
2 April	Friday	Good Friday
3 May	Monday	Early May bank holiday
31 May	Monday	Spring bank holiday
2 August	Monday	Summer bank holiday
30 November	Tuesday	St Andrew's Day
27 December	Monday	Christmas Day (substitute day)
28 December	Tuesday	Boxing Day (substitute day)

Northern Ireland

2020

1 January	Wednesday	New Year's Day
17 March	Tuesday	St Patrick's Day
10 April	Friday	Good Friday
13 April	Monday	Easter Monday
8 May	Friday	Early May bank holiday (VE day)
25 May	Monday	Spring bank holiday
13 July	Monday	Battle of the Boyne (Orangemen's Day) (substitute day)
31 August	Monday	Summer bank holiday
25 December	Friday	Christmas Day
28 December	Monday	Boxing Day (substitute day)

2021

1 January	Friday	New Year's Day
17 March	Wednesday	St Patrick's Day
2 April	Friday	Good Friday
5 April	Monday	Easter Monday
3 May	Monday	Early May bank holiday
31 May	Monday	Spring bank holiday
12 July	Monday	Battle of the Boyne (Orangemen's Day)
30 August	Monday	Summer bank holiday
27 December	Monday	Christmas Day (substitute day)
28 December	Tuesday	Boxing Day (substitute day)

Back to ***Contents***

Pay.UK processed record pay volumes and amounts in 2019

20 February 2020

In a press release, it has been confirmed that, in 2019, the three retail systems managed by Pay.UK processed 9.2 billion transactions equating to a total of £7.4 trillion.

The BACS Payments System, responsible for processing Direct Credits and Direct Debits , the Faster Payments System, used for online banking payments and standing orders, and the Image Clearing System, used for processing cheques, are the systems that Pay.UK is responsible for, and transactions across the three systems contributed to the figures that were published.

A further breakdown of the figures highlighted that 4.5 billion Direct Debits were processed by the Bacs Payments System, and Direct Credits, which pay salaries, pensions and benefits, rose to £3.7 trillion, which is the largest total ever recorded.

2.4 billion Faster Payments were processed by Pay.UK, amassing a value of £1.9 trillion, which shows the highest volume levels and value records for Faster Payments since the system was introduced in May 2008. It was also a 19% increase on the value observed in 2018.

257 million cheques were processed in 2019, with cheques now being cleared as images as opposed to pieces of paper, and with more cheques being cleared centrally rather than within banking groups.
COO of Pay.UK, Matthew Hunt, commented:

"Payments are the lifeblood of the UK economy and it's pleasing to see Pay.UK's systems being used at levels that represent an all-time high. In supporting a vibrant UK economy, Pay.UK offers users a choice of how to pay, and as part of this it is vital that consumers and businesses alike have complete faith in the systems they use. It's therefore extremely reassuring to see that confidence reflected in these record-breaking annual figures."

Back to ***Contents***

The Employment Rights (Increase of Limits) Order 2020 published

6 March 2020

The Employment Rights (Increase of Limits) Order 2020 has been laid before parliament, and the maximum statutory weekly redundancy pay figure will increase from £525 to £538 from 6 April 2020.

This is applicable in England, Wales and Scotland. There has been no update for Northern Ireland at the time of publication, but the maximum rate operative in tax year 2019-20 was £547 per week. As soon as there are any further updates, the CIPP will advise members via News Online.

The employment protection daily rate figure will increase from £29 to £30 from the start of the new tax year in England, Wales and Scotland. No figure for tax year 2020-21 has been specified for Northern Ireland, but the figure for tax year 2019-20 was £29. Again, once further information is made available, members will be notified accordingly.

Employees are ordinarily entitled to statutory redundancy pay in situations where they have been working for an employer for two years or more. The amount of pay that a person is entitled to receive is partially based on their age, as follows:

- Half a week's pay for each full year that an employee was under 22 years old
- One week's pay for each full year that an employee was 22 or older, but under 41years old
- One and a half week's pay for each full year that an employee was 41 or older

Length of service is capped at 20 years, and the maximum statutory compensatory award a person in England, Wales and Scotland can receive is increasing from £86,444 to £88,519 from 6 April 2020.

Back to ***Contents***

Temporary changes to right to work checks during coronavirus outbreak

31 March 2020

The Home Secretary has confirmed that, to allow employers to carry out right to work checks more easily, the process will be amended during the coronavirus outbreak.

The changes announced on 30 March are immediately effective and mean that the Home Office will not require employers to see original documents, but that they can accept scanned documents, or photos of documents sent via email or mobile app as proof of an individual's right to work. Checks may also be carried out over video calls. The guidance suggests that employers take the following steps:

- Request that the worker submits a signed copy or a photo of the original documents via email or using a mobile app
- Arranges a video call with the worker, requesting that they hold up the original documents to the camera so that they can be checked against the digital copy of the documents
- Record the date that the check was made and mark as "adjusted check undertaken on [insert date] due to COVID-19"
- For individuals who hold a current Biometric Residence Permit/ Card or status under the EU Settlement Scheme, the online right to work checking service can be used while the video call is being carried out, but the applicant must confirm that they are happy for the employer to view their details

There is still a legal obligation on employers to carry out these checks, and it is an offence to knowingly employ anybody who does not have legal immigration status in the UK. The documents that can be accepted are listed in the right to work checks: an employer's guide. The fines for hiring an illegal worker can be up to £20,000 per person.

In line with standard process, for any prospective employee who cannot provide any of the accepted documents, employers should utilise the Employer Checking Service. If the individual has a right to work, a 'Positive Verification Notice' will be sent, which gives the employer a statutory excuse for six months from the date on that notice.

When the temporary changes end, employers will be required to carry out retrospective full checks on existing employees who commenced employment during the pandemic. This check must be performed within eight weeks of the COVID-19 measures ending, and this, along with the initial adjusted check should be kept on record. If the

employee does not have permission to be in the UK and this is discovered at the point of the retrospective check, the employer must end their employment.

Back to ***Contents***

Executive Pay

Will CEO pay ratio reporting change Fat Cat Friday timeline?

4 January 2019

The average FTSE 100 CEO only needs to work until 1pm today (Friday 4 January 2019) to earn the same amount as the average full-time worker in the UK.

Chief executives of leading UK companies are paid 133 times more than the average worker, new research for "Fat Cat Friday" reveals.

According to the latest CIPD/High Pay Centre analysis, the average FTSE 100 CEO is paid £1,020 per hour and £3.926 million a year, an increase of 11% on the previous year.

The average (median) full-time worker in the UK earns a gross annual salary of £29,574. “Fat Cat” Friday recognises that in 2019 the average FTSE 100 CEO, on an average (median) pay packet of £3.9 million, only needs to work until 1pm today (Friday 4 January 2019) to earn the same amount.

To help combat this pay gap, The Companies (Miscellaneous Reporting) Regulations 2018 come into force on 1 January 2019 and will require listed companies with more than 250 employees to report their CEO/worker ratios along with other employee engagement information.

The actual reporting of CEO pay ratios is expected to start in 2020.

The CIPP policy team has produced a short webcast which provides an overview of the CEO pay ratio reporting requirements.

Back to ***Contents***

The Companies (Directors’ Remuneration Policy and Directors’ Remuneration Report) Regulations 2019

11 June 2019

These Regulations come into force today, 10 June 2019 and implement a requirement in certain companies that the remuneration of the Chief Executive Officer and any Deputy Chief Executive Officer must be reported even if they are not a director on the board of the company.

Previously under UK law, only the remuneration of the directors on the board were required to be reported.

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy, Kelly Tolhurst said of the draft regulations that they bring in a number of very small but important enhancements to the UK’s well-established statutory framework for the reporting of directors’ remuneration at public companies. In particular, by enabling greater transparency in how company share awards can be exercised by directors, and in how boardroom pay relates to the rest of the company, shareholders will have increased scope to access information on whether pay at the top is appropriate and aligned with the company’s long-term success. In doing so, the draft regulations will complement and build on the important new measures on executive pay that were approved by Parliament last year (CEO pay ratio reporting – came into force January 2019 with actual reporting of CEO pay ratios expected to start in 2020).

The CIPP policy team has produced a short webcast which provides an overview of the CEO pay ratio reporting requirements.

The CIPP also run an online course aimed at payroll co-ordinators, payroll managers, HR managers and finance professionals who have responsibility for preparing CEO pay ratios figures and/or the accompanying narrative in the annual Directors' Remuneration Report.

The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019
The Regulations implement in part Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement. The Directive amends Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies. These Regulations contain the implementation of article 9a (right to vote on a company's remuneration policy) and article 9b (information to be provided in and right to vote on the remuneration report), which are inserted into the Original Directive.

The Original Directive applies to a company whose shares carry voting rights and are admitted to trading on a regulated market within the EEA. In the UK, the definition of "traded company" in section 360C of the Companies Act 2006 (c. 46) ("the Act") covers this type of company.

The Act and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (S.I. 2008/410) ("the 2008 Regulations") already provide a legal framework in the UK for approval of and voting on directors' remuneration, and this legislation currently applies to quoted companies (as defined in section 385 of the Act) which includes traded companies unless they are unquoted companies (also defined in section 385). This framework is amended by these Regulations to implement the Directive, including bringing unquoted traded companies within scope of the existing legal framework.

Geographical extent *- UK*

Back to ***Contents***

Executive rewards: paying for success'

28 June 2019

In a report from the Business, Energy and Industrial Strategy Committee, further recommendations are made to address the high levels of executive reward.

The report 'Executive rewards: paying for success' acknowledges that the Government has recently overseen the implementation of a major package of reforms to strengthen the framework within which companies set executive pay. They include the introduction of pay ratio reporting requirements and stronger UK Corporate Governance Code provisions requiring remuneration committees to engage with the wider workforce to explain how executive pay fits with wider employee pay.

The Government also recently legislated through The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 to implement the executive pay aspects of the revised Shareholder Rights Directive. These regulations will give shareholders further useful information that they can use to assess how rewards to directors are matched by performance and to compare the annual change in directors' remuneration to the annual change in average employee pay over a rolling five-year period.

In addition, when the recommendations made in the Independent Review of the Financial Reporting Council have been implemented, the new regulator is expected to have stronger powers to monitor and enforce companies' compliance with relevant reporting requirements on executive pay and corporate governance. These are areas of reporting that are not fully within the scope of the regulator's current corporate reporting review powers.

These recent measures build on reforms introduced in 2013 under which public companies are required to disclose the total remuneration for each director every year and to bring forward a directors' remuneration policy at least once every three years which is then subject to a binding shareholder vote.

Taken together, the current UK framework gives shareholders the information and the powers with which to hold companies to account on executive pay. Shareholders are increasingly demonstrating their readiness to voice their dissatisfaction over executive pay when it is poorly structured or not matched by performance. There was a sharp rise in shareholder objections to FTSE100 executive pay last year—18 of the FTSE100 attracting shareholder opposition of 20% or more, double the number of the previous year.

The Government has stated that its immediate priority is to focus on the effective implementation and then assessment of the most recent reforms before considering significant further changes. However, the Government was clear in its response to the consultation on the Corporate Governance Reform Green Paper in 2017 that it would monitor the impact of the reforms and would consider further action at a future point unless there is clear evidence that companies are taking active and effective steps to respond to significant shareholder concerns about executive pay outcomes.

Recommendations in the report include:

- that the new regulator clarifies and strengthens its guidance on executive remuneration with a view to exerting significant downward pressure, avoiding unjustifiable payments and ensuring that, if they are made, they can be readily recovered.
- that companies should be required to appoint at least one employee representative to the remuneration committee to ensure that there is full discussion of the link between executive pay and that of the workforce as a whole.
- that pay ratio reporting requirements be expanded to include all employers with over 250 employees and that the lowest pay band be included alongside the quartile data required.

Pages 33 to 36 of the report 'Executive rewards: paying for success' details all the recommendations (of which there are several) made by the Business, Energy and Industrial Strategy Committee and also the responses from government.

Back to ***Contents***

ONS Figures show UK wage growth has slowed and unemployment has fallen

15 November 2019

Latest figures from the Office for National Statistics (ONS) show that UK wage growth has slowed but unemployment has fallen

The figures have revealed that, whilst unemployment figures have decreased, so has the number of people in work. Unemployment figures were listed as 1.31 million, which is a decrease of 23,000, in the period from July – September. Conversely, 32.75 million people were classed as being in work for the same period, which is a fall of 58,000. The ONS explained that the decrease in the number of employed individuals could be attributed to the closure of large store chains in the retail sector, with several big names recently going into administration.

Average earnings have increased by 3.6% which is less than the 3.8% growth observed in the previous month, which indicates that wage growth in the UK has slowed slightly. Average gross weekly pay was £470.

An ONS spokesperson commented, "The employment rate is higher than a year ago, though broadly unchanged in recent months. Vacancies have seen their biggest annual fall since late 2009 but remain high by historical standards. The number of EU nationals in work was very little changed on the year, with almost all the growth in overseas workers coming from non-EU nationals."

Back to ***Contents***

Gumtree Jobs research highlights 25% gender pay gap in hospitality sector for low-income jobs

15 November 2019

The hospitality industry has been identified as the sector with the largest gender pay gap, with women earning an average of £12,322 per year compared to men, where the average was £15,459.

The issue isn't confined to those working within hospitality, as there are also disparities between the pay of males and females working within fast moving consumer goods (FMCG) and retail. Men earn 24% more pay than their female counterparts with average pay of £16,222 compared to £13,094. Females in teaching and education roles confirmed average salaries of £15,376 as opposed to males who commanded an average of £18,953, this equates to a difference of 23%.

The area in which the pay gap was the smallest was in computing and IT roles where men received an average of 6% more than women - £20,641 against £19,483.

The report, entitled 'Hidden heroes: Discovering the unsung workforce driving the UK economy' collected responses from employees in the UK earning below £30,000. There were 354,216 respondents and the report showed that there is a very real gender pay gap, particularly in low-income jobs. Additional findings show that 42% of female respondents were paid below £15,000 per year in comparison with 23% of men.

The Fawcett Society, a charity that wants to tackle the issue of outright pay discrimination, has confirmed that they are marking today as Equal Pay Day.

Back to ***Contents***

Top bosses who work three days could earn above the average worker's pay for the whole of the year

7 January 2020

It has been reported that top bosses, who earn approximately 117 times the annual pay of an average worker, will only need to work until 17:00 on Monday 6 January 2020 to earn the equivalent of what a standard full-time employee commands in a whole year.

In a press release from the CIPD, which details its work in conjunction with independent think tank, the High Pay Centre, Monday 6 January 2020 has been labelled as 'High Pay Day'. Findings demonstrated that, in 2018, the average FTSE 100 CEO earned £901.30 per hour, or £3.46 million per annum. In stark contrast to this, the average full-time employee earned £14.37 per hour, or £29,559 for the year.

There will be heavy emphasis placed on the issue of high pay in 2020, as this is the first year in which publicly listed firms employing over 250 staff will need to confirm the ratio between what their CEOs are paid, alongside that of their average worker. The first figures will be disclosed in 2020, and under amended requirements stated within the Companies Act (2006), businesses must provide CEO pay ratio figures along with the rationale behind them. It is hoped that this will prompt companies to reassess how they pay their staff and to encourage the practice of fair pay amongst businesses.

There appears to be a long-standing practice of top bosses receiving excessive amounts of money whilst other workers are paid salaries that often mean that they struggle to keep up with the increasing cost of living. This creates a feeling of distrust and animosity within businesses and many are welcoming the new CEO pay ratio reporting requirements and are hoping it will lead to more transparency within the workplace.

The new regulations mean that it is mandatory for employers who fit certain criteria to disclose the ratio of their CEO's pay to the median, lower quartile and upper quartile pay of their UK employees. They must also explain the reasons behind any year-to-year increases or decreases to the ratios, whether or not they believe the median ratio is consistent with the organisation's wider policies surrounding pay, how they have calculated the ratio and which method was used.

CIPP comment

The CIPP Policy team always appreciates the feedback of our members and of payroll professionals and would be interested to hear any feedback, comments or experiences on the article above and also in relation to the new CEO pay ratio reporting requirements. Please don't hesitate to get in touch at policy@cipp.org.uk

The CIPP also offers a comprehensive online training course – 'CEO pay ratios reporting', and the next one is scheduled for 5 February 2020. You can enrol here. Topics covered will range from how to perform calculations to ensuring compliance and looking at the wider implications of the reported figures.

Back to ***Contents***

Holiday pay

Pimlico Plumbers – too late to claim for holiday pay

25 March 2019

The long running legal saga otherwise referred to as Pimlico Plumbers may have come to an end, for now at least, back where it began at the Employment Tribunal.

A journey that has seen Gary Smith and Pimlico Plumbers go all the way to the Supreme Court to establish and uphold worker status and thus the right to for Smith to be paid holiday leave has now received an employment tribunal ruling that confirms that the claim of £74,000 for unpaid holiday fails because it falls outside of the three month rule for claiming.

Pimlico Plumbers had admitted to the claim of unlawful deductions to the value of £336 but denied the payment for holiday pay was due.

Gary Smith is reported to be appealing this ruling.

Back to ***Contents***

Holiday Pay and Voluntary Overtime

17 June 2019

NHS workers who do overtime on a regular basis or frequently work beyond their normal shifts should now have these extra hours taken into account when their holiday pay is calculated, as a result of a landmark court victory by UNISON.

UNISON took this case of N Flowers and others vs East of England Ambulance Trust to the Court of Appeal in May 2019 after winning employment tribunal and employment appeals tribunal cases in May 2017 and April 2018.

The Court of Appeal has now ruled in favour of a paramedic and 12 of his colleagues who all work for the East of England Ambulance Service. The ambulance staff argued their holiday pay should better reflect the hours they actually worked, rather than be based solely upon their contracted hours.

The ruling could benefit tens of thousands of NHS staff employed under the Agenda for Change payment system and is in line with earlier legal cases, which established that workers should receive the same wages on leave as they do when working. Only doctors, dentists and senior managers will be exempt from the change.

UNISON general secretary Dave Prentis said:

"Before today's judgment NHS workers who did regular overtime or often worked well beyond their shifts saw a drop in their pay whenever they took a well-deserved break.

Leave calculations that weren't based on the extra shifts and hours they did week in and week out meant many were considerably out of pocket.

UNISON always believed that the rules around NHS pay already allowed for overtime and working beyond the end of a shift to be taken into account when calculating holiday pay. Today's judgment confirms that but does highlight another pressing problem.

The NHS urgently needs to recruit more staff so existing nurses, paramedics and other health workers don't have to regularly work overtime simply to keep the service afloat.

This is a victory for all those health service workers who regularly go the extra mile to make sure we receive the best care possible at all times of the day and night."

CIPP Payroll training courses

The CIPP offer a half-day training course on Holiday Pay and Leave which runs on a monthly basis (next one scheduled for 10 July in Birmingham).

The course aims to provide delegates with the underpinning knowledge, case law and statutes which govern holiday pay and leave calculations and apply this knowledge in a range of circumstances, so they can manage this provision for their organisations accurately and professionally.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

Back to ***Contents***

PSNI holiday pay case could have UK-wide implications

25 June 2019

The decision by the Court of Appeal in Belfast on the PSNI's liability for historic holiday pay could ultimately have repercussions for employers elsewhere in the UK.

Out-Law News from Pinsent Masons has reported that as a result of Northern Ireland not enacting legislation to mirror the two year cap on holiday claims in force in Great Britain since July 2015, employers in the region have relied upon the three month gap rule set out in the Bear Scotland case to try to limit historic liability on holiday pay claims.

The judge in the Bear Scotland case held that a gap of more than three months in a 'series of unlawful deductions' from holiday pay breaks the series, meaning that limitation provisions kick in to restrict claims for back pay. However, in the recent ruling in favour of Police Service of Northern Ireland (PSNI) police officers and civilian staff, the Northern Ireland courts explicitly rejected this approach on the grounds that it can "lead to arbitrary and unfair results" and there was "nothing in the [Employment Rights (Northern Ireland) Order] which expressly imposes a limit on the gaps between particular deductions making up a series".

The Court of Appeal ruled that back payments of holiday pay owed to PSNI staff should reflect overtime and allowances paid during a 'reference period' before the holiday, as well as basic pay; confirming an earlier decision by the industrial tribunal.

However, the appeal court went further than the tribunal in some respects, ruling that the relevant 'reference period' was the number of days that worker had actually worked in the previous year, rather than the full calendar year. It also found that what should be caught by the definition of 'normal pay' for each worker was a question of fact, and urged the parties to agree a "pragmatic, administration-friendly method" for settling individual claims.

BBC News reported that PSNI staff affected by the case could be owed an average of £10,000 worth of back payments stretching back over 20 years, with a combined value of £40 million, following the appeal court's verdict.

Trade union NIPSA said the ruling could go beyond the public sector and affect private sector employees as well.

"Businesses should health-check their payment practices and make sure they are compliant" said Belfast-based employment law expert Craig Patterson of Pinsent Masons and that the court had *"confirmed Northern Ireland's divergence from the Great Britain position on the potential liability for holiday claims".*

"Given the sums of money at stake, it could reasonably be expected for this case to progress to the next stage – i.e. the UK Supreme Court. If that happens, it is possible the Supreme Court justices could approve the NI Court of Appeal decision, in which case employers in Great Britain as well as Northern Ireland could be exposed to significantly larger claims owing to the rejection of the three month gap rule set down in Bear Scotland."

Craig Patterson said that following this ruling, businesses should do three things:

- if they haven't already done so, health-check their payment practices and make sure they are compliant;
- assess their potential liability if they identified a current or historic issue; and
- consider or take advice on how they wish to proceed.

Back to ***Contents***

Holiday pay claims increase since tribunal fees abolished

23 July 2019

New TUC analysis reveals that 1 in 14 workers are not getting their legal holiday entitlement, workers are missing out on £3.1bn of paid leave each year and over a million workers are getting no paid leave at all.

It is little wonder that more people are taking holiday pay claims through the courts. According to the TUC the number of people taking unpaid holiday claims has more than doubled since tribunal fees were abolished in 2017, following a legal victory by UNISON.

The majority of holiday pay cases are found in the claimant's favour, with values ranging from £18.94 to £11,000. Most are for a few hundred pounds.

The analysis estimates that nearly two million employees (1.960 m) are not getting the minimum paid leave entitlement they are due. And over a million (1.145 m) are not getting any paid leave at all.

The TUC says the main reasons people are missing out are:

- Workers being set unrealistic workloads that do not allow time to take leave.
- Employers deliberately denying holiday requests and managing out people's leave.
- Employers not keeping up to date with the law.

Minimum holiday entitlements are a vital part of reducing overwork, says the TUC. People who work excessive hours are at risk of developing heart disease, stress, mental illness, strokes, and diabetes, which also impacts on co-workers, friends, and relatives.

The TUC wants HMRC to be granted new powers to clamp down on employers who deny staff their statutory holiday entitlement. This would include the power to ensure that workers are fully compensated for missed holidays.

Back to ***Contents***

Holiday pay calculations for term-time workers

8 August 2019

The Court of Appeal has held that holiday pay for a teacher in permanent employment but working term-time only on irregular hours, should be calculated based on a 12-week average of hours worked.

Daniel Barnett's employment law bulletin summarises the case of The Harpur Trust v Brazel:

The Claimant is a music teacher in permanent employment but working term-time only, on irregular hours (around 32) per week. The EAT held that her holiday pay should be calculated based on a 12-week average of hours worked, making, on her hours, holiday pay around 17.5% of annual pay, rather than 12.07% for staff working a whole year (based on 5.6/46.4 weeks).

The Court of Appeal declined to overturn the EAT's judgment, coining the term 'part-year worker' for those employed all year round but not working the whole year. The Court rejected the School's argument that a pro rata principle should be applied to the accrual of leave for 'part-year workers'; EU law did not require leave to be reduced pro rata, and it wasn't necessary to apply a pro rata principle to the accrual of leave under the *Working Time Regulations*.

The Court noted that not applying the pro rata principle could lead to anomalous results if 'part-year workers' worked a few weeks a year but still had 5.6 weeks leave per year, but if employers take on such staff on permanent contracts (e.g. due to Disclosure and Barring checks), who would not get the benefit of more leave, the advantages of permanent employment may come with additional costs in holiday pay, which wouldn't apply to freelancers. The Court noted that the circumstances of part-year workers may vary widely (from offshore oil rigs to education), and the approach in this case is straightforward and should be followed.

CIPP comment

There is never a bad time to review processes and if you are responsible for holiday pay calculations for part-year or term-time workers, then in light of this ruling you could err on the side of caution and see if any employment contracts require revision. What we don't yet know however, is whether this case will progress to the Supreme Court - one to watch.

Back to ***Contents***

Calculating holiday pay if using the 52 week reference period

3 September 2019

From April 2020 the holiday pay reference period will be extended from 12 to 52 weeks. Guidance has not yet been published but questions are being raised about how this will work in practice.

The Employment Rights (Employment Particulars and Paid Annual Leave) (Amendment) Regulations 2018 bring into force from April 2020 (in Great Britain) a change to help ensure that those workers in seasonal or atypical roles get the paid time off they are entitled to.

Where a worker has been employed by their employer for at least 52 weeks, the reference period is increased from 12 weeks to 52 weeks. Where a worker has been employed by their employer for less than 52 weeks, the reference period is the number of weeks for which the worker has been employed.

How will this actually work? Will it be a straightforward year regardless of how many weeks in that year the worker has actually been paid? Or will we have to keep going back through the weeks that include pay to reach 52 weeks?

We asked the Department for Business, Energy and Industrial Strategy (BEIS) who said that their plan is that the 52-week reference period will work much the same way as the 12-week reference period. Employers would have to count back over the last 52 weeks that a worker worked and received pay. Weeks that a worker did not work or receive pay would be excluded. If there are fewer than 52 weeks' worth of pay information, then the employer would have to include as many whole weeks of pay information as are available.

We would like to add to the response from BEIS, in that the Regulations state that there is a 104-week cap. So, it will not be necessary to go back any further than 104 weeks to find relevant weeks of pay, you would just use the number of weeks worked within that 104-week period, even if it is less than 52. No account needs to be taken of weeks preceding the 104 weeks before the beginning of the period of leave.

We will of course publish guidance through our News pages as soon as it becomes available.

Back to ***Contents***

Holiday pay guidance updated for term-time workers

9 September 2019

The Department for Business, Energy and Industrial Strategy (BEIS) has updated its holiday pay guidance to reflect the ruling in the Employment Appeal Tribunal case of Brazel v Harpur Trust.

Background to Brazel v Harpur Trust
The Court of Appeal ruled that Brazel, who works as a visiting music teacher for a Girls' School, should have her holiday pay decided on her earnings over a 12-week reference period. Her employer had argued the standard way to determine holiday pay was on a pro-rata basis. Using the method recommended by Acas for casual workers, Harpur Trust had been calculating Brazel's holiday as being the equivalent of 12.07% of annual hours worked.

As a visiting music teacher, Brazel essentially held a zero-hours contract as she did not have a set number of hours, and the hours she worked were decided at the start of each school term depending on the number of pupils wanting tuition. She also did not work during holidays but was nonetheless employed under a permanent contract. Because of this, the judge described her as a 'part year' worker.

The Court of Appeal held that her holiday pay should be calculated based on a 12-week average of hours worked, making, on her hours, holiday pay around 17.5% of annual pay, rather than 12.07% for staff working a whole year.

GOV.UK guidance
Guidance for calculating holiday pay for workers without fixed hours or pay has been updated reflect this agreement of the ruling to use a 12-week average method, rather than the 12.07% method used previously.

Calculating holiday pay for term-time workers

This will depend on the term time worker's contract.

If they have a full-time, permanent contract, then it is likely that they will be paid their normal weekly rate of pay for all school holiday periods (typically 13 weeks of leave per year).

If they have a part-time permanent contract, then they will also likely receive their normal weekly rate of pay for all school holiday periods.

If however they are only paid for hours actually worked and so not during school holiday periods, such as:

- a worker paid by the hour
- a supply teacher provided by an agency
- a temporary worker on a short-term contract
- a worker on a zero-hours contract

then an employer should apply a 12-week holiday pay reference period (substituting any whole weeks in which no pay was received for weeks in which pay, however minimal, was received) to calculate the correct amount of holiday pay.

The 12-week holiday pay reference was judged to be appropriate for term-time workers in the 2018 Brazel v Harpur Trust case.

Example

A part-time music teacher has a zero-hours contract entitling them to 5.6 weeks' annual leave. They have a term-time contract meaning they work 32 weeks per year. They must take their 5.6 weeks of annual leave during the school holidays. They should therefore be paid for 5.6 weeks of leave taken at some point during the school holidays.

The school breaks up for summer holidays on Friday 25 July and the teacher decides to take a two-week paid holiday in mid-August before school returns on 10 September. The employer should therefore take an average of the teacher's pay rate over the last 12 weeks in which they worked, starting with the last week at the end of the summer term and omitting any other periods of school holiday in which the teacher was not paid.

Acas guidance
New basic guidance from Acas (still in beta) refers to holiday pay for workers with no fixed hours.

For workers on casual work with no normal hours, for example on a zero-hours contract, holiday pay will be based on the average pay received over the previous 12 weeks.

These should be weeks in which the worker was paid. If no pay was received in one of those 12 weeks (because no work was done), the last paid week before that should be used to calculate the holiday pay."

Note that Acas' holiday pay leaflet is now out of date and requires an update to reflect the Brazel v Harpur ruling.

CIPP news

- Holiday pay calculations for term-time workers – August 2019
- Calculating holiday pay for term-time workers – March 2018

Rulings

- Court of Appeal – Harpur Trust v Brazel - August 2019
- Employment Appeal Tribunal – Brazel v Harpur Trust – March 2018

Back to ***Contents***

Government campaign launched to ensure workers receive the correct holiday pay

4 March 2020

The government has launched a new campaign to remind workers of their entitlement to paid holiday leave and to prompt employers to check that their staff are taking that leave.

Regardless of whether a person works part time, works shifts or works irregular hours, they have a legal entitlement to paid time off for every hour that they work. Research has highlighted the fact that workers are missing out on approximately £1.8 billion a year in unpaid holiday leave.

Business Minister, Paul Scully said:

"*We want Britain to be the best place in the world to work, and all workers, regardless of the hours they do, should receive the paid time off they are entitled to.*

Entitlement to paid annual leave from day one in a job is just one of many measures the government has in place to ensure we can all balance work with our personal lives."

Those most at risk of missing out on pay are those with atypical working patterns, such as agency workers and temporary staff, along with part time workers and those that do shift work.

The purpose of the campaign is to highlight the importance of both employers and employees being aware of the entitlements and ensuring that companies fully understand how holiday pay is calculated correctly to ensure that workers receive the right amount.

There is advice on holiday pay on Gov.UK, which will assist employers when calculating what an employee is owed. The way holiday pay will be calculated is changing from April 2020, and the 12 week reference period is due to be increased to 52 weeks.

Back to ***Contents***

BEIS relax rules to respond to COIVD-19 impact on taking annual leave

30 March 2020

Regulations that lift the restriction of carrying forward most of an employee's statutory annual leave entitlement to the following leave year have been laid and are effective from 26 March 2020.

In the Press Release published by the Department of Business, Energy and Industrial Strategy The Working Time (Coronavirus) (Amendment) Regulations 2020 amends the Working Time Regulations 1998 to create a further exemption relating specifically in response to COVID-19.

The amendment will result in an employee who has been prevented, by reason of coronavirus, from taking some, or all, of the holiday to which they are entitled then they will be granted a right to carry the four weeks, provided for under Regulation 13, into the next two leave years.

This will not apply to the 1.6 weeks under Regulation 13A leave, but this can already be carried forward one year by agreement between workers and employers.

The aim of this is to lift pressure on the employers of key workers across a range of sectors.

Business Secretary Alok Sharma said:

"Whether it is in our hospitals, or our supermarkets, people are working around the clock to help our country deal with the coronavirus pandemic.

Today's changes will mean these valued employees do not lose out on the annual leave they are entitled to as a result of their efforts, and employers are not penalised."

Environment Secretary George Eustice said:

"*From our fields to our supermarkets, we are hugely grateful to the many people working "around the clock to keep the nation fed.*

At this crucial time, relaxing laws on statutory leave will help ensure key workers can continue the important work to keep supplies flowing, but without losing the crucial time off they are entitled to.

We welcome the measures the food industry is already taking to keep shelves stocked and supply chains resilient and will continue to support them with their response to coronavirus."

Back to ***Contents***

Modern Working Practices (Good Work Plan)

Good Work Plan – major reforms to workplace rights

18 December 2018

The Prime Minister has committed that we will not only maintain workers' rights as the UK leaves the EU but enhance them and the Good Work Plan published today demonstrates how the Government will continue to do this.

Further to the Taylor Review of Modern Working Practices (published July 2018) the government responded to the review (February 2018), accepting the vast majority of the 53 recommendations. Four consultations were then launched to seek views on the detail of implementing the recommendations, covering:

- Employment status
- Agency worker recommendations
- Increasing transparency in the labour market
- Enforcement of employment rights recommendations

The Good Work Plan draws on the feedback from these consultations and sets out the government's vision for the future of the UK labour market and how it will implement the recommendations arising from the Taylor Review. This forms a key part of the government's modern Industrial Strategy, a long-term plan to build a Britain fit for the future by helping businesses create better, higher-paying jobs in every part of the UK.

The Good Work Plan includes the commitment to:

- extend the time required to break a period of continuous service to make it easier for employees to access their rights
- ban the use of Swedish derogation - the legal loophole which enables some firms to pay agency workers less than permanent staff
- legislate to ban employers from making deductions from staff tips
- extending the right to a day one written statement of rights to workers, going further to include detail on rights such as eligibility for sick leave and pay and details of other types of paid leave, such as maternity and paternity leave
- extend the holiday pay reference period from 12 to 52 weeks, ensuring those in seasonal or atypical roles get the paid time off they are entitled to
- bring forward detailed proposals on how the employment status frameworks for the purposes of employment rights and tax could be aligned align to ensure that the differences between the two systems are reduced to an absolute minimum
- quadruple maximum employment tribunal fines for employers who are demonstrated to have shown malice, spite or gross oversight from £5,000 to £20,000
- legislate to reduce the thresholds of support for information and consultation rights (from 10% to 2%) so more people can benefit from them
- set out the specific information that agency workers must be given to help them make informed choices about the work they accept
- increase state enforcement protections for agency workers where they have pay withheld or unclear deductions made by an umbrella company
- bring forward proposals in early 2019 for a new, single labour market enforcement agency to better ensure that vulnerable workers are more aware of their rights and have easier access to them and that businesses are supported to comply

CIPP comment
The Policy team will be publishing individual news items over the coming week covering the details of the large number of reforms announced today.

Back to ***Contents***

Labour Market Enforcement Strategy 2018-19: government response

18 December 2018

The government has published its response to the Labour Market Enforcement Strategy 2018-19 which builds on the Good Work Plan following the Taylor Review of Modern Working Practices.

The strategy made 37 recommendations on labour market enforcement, 7 of which overlap with commitments in the Good Work Plan:

- BEIS/ HMRC should review the guidance around NMW in collaboration with stakeholders to identify and improve problem areas such as pay averaging and salary sacrifice.
- HMRC NMW/NLW team should develop a more supportive approach when companies ask for advice in order to be compliant.
- A statement of rights should be made mandatory for all workers from within week one of employment commencing.
- Clear and accessible information on employment rights should be provided to workers opportunistically through a number of channels.
- The right to a payslip should be extended to all workers.
- For hourly paid workers, there should be mandatory inclusion of total hours worked and hourly rate of pay on payslips.
- The Swedish derogation should be abolished - the legal loophole which enables some firms to pay agency workers less than permanent staff.

The recommendations that were rejected include:

- In the longer term, hours and hourly earnings should be captured in Real Time Information data returns to HMRC.
- The NMW penalty multiplier should be reviewed and increased again to a level that would ensure that there is an incentive to comply with the legislation.

The full list of recommendations is listed within the government response at Annex A.

United Kingdom Labour Market Enforcement Strategy 2018 to 2019: government response

Back to ***Contents***

Good Work Plan – legislation laid

20 December 2018

Further to the publication of the Good Work Plan, the government has laid draft statutory instruments which will bring into force some of the announced changes.

The Employment Rights (Employment Particulars and Paid Annual Leave) (Amendment) Regulations 2018
These regulations make the right to a written statement of particulars of employment apply when an individual begins employment (a day 1 right). Where a worker has been employed by their employer for at least 52 weeks, the reference period is increased from 12 weeks to 52 weeks. Where a worker has been employed by their employer for less than 52 weeks, the reference period is the number of weeks for which the worker has been employed.

These Regulations come into force on 6 April 2020 and extend to England, Wales and Scotland.

The Agency Workers (Amendment) Regulations 2019
These regulations abolish the use of Swedish derogation - the legal loophole which enables some firms to pay agency workers less than permanent staff.

These Regulations come into force on 6th April 2020 and extend to England, Wales and Scotland.

The Employment Rights (Miscellaneous Amendments) Regulations 2019
These regulations:

- increase the maximum level of penalty available from £5,000 to £20,000 for aggravated breach of a worker's employment rights (from 6 April 2019);
- confer the right to a written statement of particulars of employment and associated enforcement provisions upon all workers (from 6 April 2020) – currently this right applies only to employees
- lower the percentage required for a valid employee request for the employer to negotiate an agreement on informing and consulting its employees. The threshold is lowered from 10% to 2% of the total number of employees employed by the employer (from 6 April 2020).

These Regulations extend to England, Wales and Scotland.

Back to ***Contents***

Labour market Enforcement Annual Report 2017/18

25 March 2019

In advance of the publication of the 2019/2020 Strategy, due in the Spring, the Director of Labour Market Enforcement has published the UK Labour Market Enforcement Annual Report for 2017/2018.

The Director of Labour Market Enforcement (DLME) is required to deliver an annual labour market enforcement strategy to government by the end of each financial year.

The UK Labour Market Enforcement Strategy: Introductory Report for 2017/18 was published in July 2017 and focused primarily on the work of the three enforcement bodies, that include:

- Gangmasters and Labour Abuse Authority (GLAA)
- HMRC NMW Enforcement
- Employment Agency Standards Inspectorate

The DLME concludes in his report that:

'... much work was undertaken by the enforcement bodies in the 2017/18 reporting period, in terms of both operational enforcement activity and education and awareness raising across the labour market enforcement landscape.

The three bodies within my remit have worked together across a variety of sectors, sharing valuable intelligence and operational expertise as a result. This has laid vital foundations for increased and ongoing joint working in the future, which I will continue to monitor and consider in future Strategies.

Looking ahead… assessing value for money in terms of enforcement activity and how this relates to each bodies' use of resources is a priority for the Office of the Director of Labour Market Enforcement. This will be a central feature of my 2019/20 Enforcement Strategy...

Additionally, my Office will look to build on the work of the Information Hub …and, in collaboration with the bodies, seek to build upon the findings of the independent research commissioned by my Office. This will further expand our understanding of labour exploitation to inform and direct enforcement efforts in the future.'

***Geographical extent** – see the Introduction on page 2 of the report for the differences in the scope of enforcement*

Back to ***Contents***

Good work plan: establishing a new single enforcement body for employment rights

18 July 2019

As part of the Good Work Plan, the Government has published a consultation which seeks views on whether establishing a new single enforcement body for employment rights could improve enforcement for vulnerable workers and create a level playing field for the majority of businesses who are complying with the law.

The Department for Work and Pensions (DWP), who are responsible for policy on statutory sick pay, are considering reforms (consultation recently published), including options to strengthen enforcement. One of the questions posed in the consultation on establishing a new single enforcement body, is whether this new single enforcement body would be better placed to take on enforcement of statutory sick pay if its process is strengthened.

The consultation also asks whether this same new body should have a role in relation to discrimination and harassment in the workplace and also what role should it play in enforcement of employment tribunal awards.

Through this consultation, government want to consider the case for a new single labour market enforcement body and whether this could deliver:

- **extended state enforcement**, delivering the commitments to enforce holiday pay for vulnerable workers and regulate umbrella companies operating in the agency worker market
- **a strong, recognisable single brand** so individuals know where to go for help. In a single organisation the user journey could be improved, making it easier for individuals to raise a complaint and to tackle cases that might currently be handled by different organisations
- **better support for businesses** to comply with the rules, including coordinated guidance and communications campaigns, and a more easily navigable and proportionate approach to enforcement;
- **coordinated enforcement action**, with new powers and sanctions to tackle the spectrum of non-compliance, from minor breaches to forced labour and increased focus on high harm cases to disrupt serious, repeated offending
- **pooled intelligence and more flexible resourcing** enabling greater sharing of intelligence and national tasking and coordination of operational activity targeted at tackling serious breaches
- **closer working with other enforcement partners**, including immigration enforcement, benefit fraud, health and safety, the Pensions Regulator and wider local authority enforcement

The consultation states that this would not be an exercise to reduce costs – resource for enforcement would be maintained, but used more effectively. Funding for new areas, such as enforcement of holiday pay for vulnerable workers will be considered through the spending review.

The consultation 'Good work plan: establishing a new single enforcement body for employment rights' closes on 6 October 2019.

CIPP comment
During the course of the consultation period, the CIPP policy team will be surveying members and the wider payroll profession for their views and plan to also hold a think tank roundtable meeting to discuss the implications of the Government's proposals. The think tank will be open to full, fellow and chartered members – to note your expression of interest please email us at policy.

Back to ***Contents***

Compensation for flexible workers facing cancelled shifts

22 July 2019

The Government is consulting (Good Work Plan: one-sided flexibility - addressing unfair flexible working practices) on proposed new measures including compensation for workers when shifts are cancelled at short notice, entitlement to a reasonable period of notice for their allocated shifts and additional protections for individuals who are penalised if they do not accept shifts last minute.

As part of the Good Work Plan, the largest upgrade in workers' rights in a generation, millions of flexible workers will benefit from new rights and extra protections if they lose out on work, under proposed government reforms.

Following the Matthew Taylor review, which found that zero hours contracts work for the majority of those on them giving them the flexibility they seek, but recommended that the Low Pay Commission should examine the issue of one-sided flexibility.

Nearly 40% of UK workers say that their hours can vary from week-to-week, with approximately 1.7 million individuals feeling anxious that their working hours could change unexpectedly.

The government's proposed reforms will allow flexible workers to retain their autonomy that suits them, while allowing businesses to continue using them to cope with peaks in demand.

The proposed measures follow the government's announcement that it is consulting on creating a single labour market enforcement body, which will strengthen protections for workers and provide them with new rights.

The consultation proposes new measures for flexible workers, including:

- compensation for workers when shifts are cancelled at short notice
- entitlement to a reasonable period of notice for their allocated shifts
- additional protections for individuals who are penalised if they do not accept shifts last minute

CIPP comment
During the course of the consultation period, the CIPP policy team will be surveying members and the wider payroll profession for their views and plan to also hold a think tank roundtable meeting to discuss the implications of the Government's proposals. The think tank will be open to full, fellow and chartered members – to note your expression of interest please email us at policy.

Back to ***Contents***

Good Work Plan: Proposals to support families

23 July 2019

The Government has launched a package of proposals seeking views on measures to support parents enter, remain and return to the workforce. The consultation covers three areas: Parental leave and pay; Neonatal leave and pay; and Transparency of flexible working and family related leave and pay policies.

Parental leave and pay (closing date: 29 November 2019)

Shared Parental Leave now offers mothers the flexibility to transfer leave to the father and has given families much greater choice over who cares for their new child in the first year. Government recognises that this kind of cultural change takes time, and evidence shows that mothers still take on the majority of the childcare responsibilities.

The government is committed to giving parents equality of opportunities at home and work. The recent Gender Equality at Every Stage: A Roadmap for Change (the Gender Equality Roadmap) sets out a range of actions that the government is taking to support women's economic empowerment and close the gender pay gap.

Government is now seeking views on options for reforming parental leave, and the role it can play in achieving these objectives. In addition, an evaluation of Shared Parental Leave and Pay is currently being undertaken and government will consider the responses to the parental leave and pay consultation together with the findings of that evaluation.

Neonatal leave and pay (closing date: 11 October 2019)

An internal review by the Department for Business, Energy and Industrial Strategy highlighted that parents of premature, sick and multiple babies can experience significant challenges, particularly in cases where their baby or babies need neonatal care for a number of weeks or months. Evidence gathered so far suggests that current leave and pay entitlements do not adequately support parents in these circumstances. In response, the government is seeking views on a proposed new entitlement to Neonatal Leave and Pay for parents of babies who require neonatal care following birth.

Transparency of flexible working and family related leave and pay policies (closing date: 11 October 2019)

Many employers already consider carefully how to offer roles that can be done flexibly. However, to help ensure this good practice is spread more widely, government is consulting on measures to encourage all employers to consider advertising all jobs as flexible from the outset.

Also under consideration is the possibility of a requirement for large employers (those with 250 or more employees) to publish their family related leave and pay and flexible working policies to align with the overarching approach to gender pay gap reporting. This would help ensure that job applicants can make informed choices and eliminates concerns around asking about employer policies which could discourage employees from applying to a wide range of jobs.

CIPP comment
During the course of the consultation period, the CIPP policy team will be surveying our members and the wider payroll profession. Further to this we may also hold a think tank roundtable meeting to discuss the implications of these proposals, but we are mindful that there are several consultations running over the summer period so we will aim to schedule considerately.

Our policy think tanks are open to full, fellow and chartered members and invitations will be sent out directly in due course, however if you wish to note your expression of interest on the three areas within this consultation, please email us at policy.

Back to ***Contents***

Labour Market Enforcement Strategy 2019/20

25 July 2019

The Labour Market Enforcement Strategy 2019 to 2020 has been published which makes a number of recommendations across the three main enforcement bodies.

The role of Director of UK Labour Market Enforcement (DLME) came into play in January 2017, following the introduction of the Immigration Act 2016. The role was established to bring together a coherent assessment of the extent of labour market exploitation, identify routes to tackle exploitation and harness the strength of the three main enforcement bodies:

- HM Revenue and Customs National Minimum Wage (HMRC NMW)
- Gangmasters and Labour Abuse Authority (GLAA)
- Employment Agency Standards (EAS) Inspectorate

Sir David Metcalfe was appointed to the role and his remit spans the whole of the compliance spectrum, from relatively minor underpayment of NMW all the way through to serious labour exploitation within modern slavery.

The DLME Strategy 2019/20 makes 12 recommendations spanning three cross-cutting themes:

- prioritisation of enforcement resources;
- helping employers get it right; and

- using joint working to tackle more serious and persistent non-compliance in the labour market.

The strategy document is a hefty document at 168 pages; highlighted below are some of the relevant recommendations around the national minimum wage:

Naming and shaming
Naming and shaming of non-compliant employers used to be a regular publication but came to a halt in the first half of 2018. This publication may be back on the cards as the DLME Strategy recommends that HMRC and BEIS focus on sector-specific naming rounds coupled with an education campaign to maximise the impact of naming and to raise awareness. It also recommends that at the same time, in order to expose the most serious NMW/NLW infringements, the cut-off for naming should be on the basis of average arrears per worker per employer and the threshold set at average arrears in excess of £500.

Sector specific advice booklets
The Strategy recommends that BEIS, with input from HMRC enforcement, produce supplementary sector specific advice booklets for those sectors where trends of certain types of breaches emerge or where the regulatory landscape is particularly complex (i.e. such as issues around uniform deductions within retail and hospitality, pay averaging, salary sacrifice, etc.).

Guidance and training
HMRC NMW should improve the consistency of its caseworkers' interpretation and application of the NMW regulations by:

- Providing additional training on how to interpret and apply the legislation, particularly for emerging problem areas for underpayment, such as uniform deductions.
- Reviewing and improving the internal operational guidance offered to caseworkers by the Professionalism, Learning and Guidance team (PLG) as the first point of contact to clarify the regulations and operational application. This should be carried out in tandem with the review of external guidance for employers.

Recommendations for BEIS to review and consult on the following sections of the NMW regulations, to consider issues regarding their practical application and operation, include:

- **Record-keeping requirements**: to set out the minimum requirements needed to keep sufficient records and to extend the time period for which employer records must be kept, to align with the period of liability under the National Minimum Wage Act 1998.
- **Deductions for the benefit of workers**: to review the regulations underpinning deductions from pay, to consider how best to enable low-paid workers to access genuine, non-cash workplace benefits within the scope of the NMW provisions.
- **Pay averaging**: under current regulations pay can be averaged in some circumstances but not others, but there is no clear policy rationale for this.
- Clarifying issues around uniform payments, working time and time recording, salary sacrifice and pension schemes.

Education material
The Strategy recommends that **all three bodies** look to use The Pensions Regulator's approach to distributing educational material as an example of best practice, such as by producing similar newsletters and bulletins for employers on a regular basis. In particular, more use should be made of case study examples to highlight both good and bad employer behaviour as a practical guide to compliance.

Progress in any of the areas mentioned above are subject to government accepting the DLME's recommendations.

The DLME Strategy 2019/20 and the accompanying research reports can be found on GOV.UK.

Sir David Metcalfe retired at the end of June and his replacement will be Matthew Taylor, who begins his appointment as the interim DLME on 1 August for 12 months.

Back to ***Contents***

Impact Assessment for addressing one-sided flexibility

5 August 2019

BEIS have published an Impact Assessment of addressing one-sided flexibility as recommended by the Low Pay Commission.

Initially highlighted by Matthew Taylor in the Review of Modern Working Practices, the term 'one-sided flexibility' is being used to reflect the way that some employers are transferring risk to their workers who are employed in atypical situations.

The Low Pay Commission (LPC) has previously disregarded the recommendation of a premium rate of pay being payable where short notice is given by the employer for workers to attend shifts, however they were satisfied that situations did exist where shifts being cancelled at short notice and this should be addressed through Government intervention to address the imbalance of power amongst egregious employers and vulnerable workers.

BEIS recently published GWP: Consultation on measures to address one-sided flexibility that seeks views on the recommendations made by the LPC and the Impact Assessment provides costings using a low, high or best estimate of costs which will very much depend upon what is deemed to be a reasonable period of notice. Following informal consultation BEIS has assumed benchmark notice periods of 24 hours, 72 hours or 7 days.

These proposals are likely to change following full public consultation, at which time a final Impact Assessment will be published.

The consultation focuses on three main proposals – indeed four if you were to include the unlikely option of 'do nothing'.

Option 1 – right to reasonable notice of work schedules
Option 2 – Compensation for shifts cancelled at short notice
Option 3 – Non – statutory guidance on one-sided flexibility

Picking up on the compensation suggestions (if compensation payments were introduced) put forward by LPC the consultation asks for views on the three suggestions, which include:

• The value of the shift in question
• The worker's appropriate NMW rate multiplied by their scheduled number of hours
• A multiple of the worker's appropriate NMW rate

The question also asks for other suggested amounts, together with reasons for this suggestion.

Back to ***Contents***

Flexible working and family-related leave and pay policies

15 August 2019

One of the areas of the Good Work Plan includes proposals to improve the transparency of flexible working and family related leave and pay policies.

The consultation 'Good Work Plan: Proposals to support families' also covers two other areas:

- Parental leave and pay; and
- Neonatal leave and pay.

The CIPP policy team will be asking for your views on both of these areas in forthcoming surveys.

Transparency: Flexible working and family-related leave and pay policies
After reviewing the consultation document, we will not be surveying members and the wider payroll profession on the third area, relating to measures which aim to improve access to flexible working for all. This area asks about:

- Employers publishing their family related leave and pay and flexible working policies; and
- Whether there should be a requirement for employers to consider advertising jobs as flexible.

This is an area that HR will be heavily involved in and with the volume of recently published consultations, and consequent CIPP surveys which contain many elements relating to the payroll function, we have made the decision to sign post you to complete the government's survey, if you wish to provide feedback.

Responding to the consultation
The closing date for this consultation is 11 October and you can respond online through this link, where there is also the option to respond in writing using a word document.

Back to ***Contents***

Call for evidence: non-compliance with right to work checks

16 December 2019

The Independent Chief Inspector of Borders and Immigration, David Bolt, has launched a 'call for evidence' in which he is asking for examples from organisations relating to the Home Office's use of penalties and sanctions, and explicitly refers to the use of employer nudge letters.

All payroll and HR professionals understand that right to work checks must be undertaken prior to the employment of an individual. Dependent on that employee's nationality, various forms of identification will need to be checked to ensure that they have sufficient right to work in the UK. Failure to adhere to the process of checking an employee's right to work status and to retain accurate records could result in the non-compliant body facing considerable fines and a custodial sentence may be imposed.

'Penalties for employing illegal workers' explains how, if the checks aren't conducted correctly, or aren't performed at all, businesses can be fined up to £20,000 for each illegal worker. A 'referral notice' would be issued which would be followed by a 'civil penalty notice', should the employer be deemed liable, which would allow 28 days for a response. The relevant business's details may be published by Immigration Enforcement as a cautionary tale to other businesses to dissuade them from employing illegal workers and to encourage them to comply with the process of checking right to work status.

The sanctions that can be imposed for non-compliance in this area and possible detrimental effect to the reputation of employers show why it is so important for businesses to act in accordance with legislation during pre-employment right to work assessments.

As we prepare to leave Europe it is important to understand the implications of right to work documentation that is required from EU citizens
.
David Bolt said:

"I have recently begun an inspection of the Home Office's use of sanctions and penalties to encourage and enforce compliance with border and immigration controls and I would like to invite anyone with any relevant knowledge of this subject to write to me with their evidence.

Some sanctions and penalties have featured in previous inspection reports, for example, my May 2019 report on Illegal Working. However, in this new inspection I plan to look at the range of sanctions and penalties, focusing on its comprehensiveness, how consistently particular measures are applied and their impact."

If you have ever received an 'employer nudge letter' or indeed have experience of other penalties and sanctions relating to Borders and Immigration the Home Office would like to hear from you.

The contact details provided are:

Email: chiefinspector@icibi.gov.uk

Post: Sanctions and penalties evidence submission, ICIBI, 5th Floor, Globe House, 89 Eccleston Square, London, SW1V 1PN

The closing date for responses is by close of business on 5 January 2020.

CIPP comment

The CIPP is always eager to hear feedback from its members and to share in the experiences of payroll professionals. Have you ever had experience of sanctions or penalties from the Home Office, and have you ever received a 'nudge letter' relating to this issue? Please don't hesitate to contact us at policy@cipp.org.uk. We look forward to hearing from you.

Back to ***Contents***

Labour Market Enforcement Strategy 2020 to 2021: call for evidence

17 December 2019

The interim Director of Labour Market Enforcement, Matthew Taylor, is seeking input that will help to inform his Labour Market Enforcement Strategy for 2020-2021.

A consultation has been launched, which will run until 11:45 PM on 24 January 2020 and includes questions surrounding non-compliance and enforcement in what are classed as four high-risk sectors - hand car washes, agriculture, social care and construction. The consultation will also look at non-compliance in other sectors, along with issues surrounding cross cutting. The Director is particularly interested in receiving feedback from academics, non-governmental organisations, employers, unions, think tanks, research organisations and industry bodies and representatives.

Matthew Taylor is due to present his strategy for 2020-2021 at the end of March 2020, which is why the consultation period is significantly shorter than other consultations have been in the past. He will collect feedback from the questions included in the consultation document and from round table meetings due to be held in January. Individuals are also encouraged to host their own round table meetings which the Director or his representatives will try to attend but would also welcome any feedback that is presented back to them.

Section one asks the respondent to confirm who they are, the organisation they are from and about their interest in the enforcement of labour market regulations.

Section two looks at the four high-risk sectors identified above that are of primary focus for the strategy for 2020-2021. For each area, there are four main questions posed. One question explores non-compliance and the nature and scale of this, and if there have been any significant changes over the last 12 months. Another addresses the issue of enforcement and worker rights protection activity by enforcement, non-government and government bodies. Respondents are then asked what they felt the impact of these interventions were and how effective they had been, along with the changes to enforcement that they personally think would have the biggest impact on workers.

Section three provides the same questions as those published in section two but are not sector specific giving individuals from other sectors the opportunity to provide their insight into and recount their experience of non-compliance and enforcement.

Section four focuses on cross-cutting and looks at issues that will fall under the remit of the three enforcement bodies, such as IR35, the growth of online apps for recruitment, umbrella companies and supply chains. These are viewed as crucial opportunities to protect the most vulnerable of workers. Questions here relate to what individuals think the Director should be turning his attention towards, changes that would have the most impact on labour market enforcement and the opportunity to discuss any other issues that they would like the Director to be aware of.

Responses should be sent to LMEDirectorsoffice@beis.gov.uk by no later than 11:45 PM on 24 January 2020

CIPP comment

If you are one of our members who are associated with the four 'at risk' sectors identified by Matthew Taylor, then we would love to hear from you about your experiences relating to non-compliance and enforcement. Equally, if you are from another sector and want to get in touch, we would really appreciate your feedback on this matter. Please send any responses to Samantha Mann, senior policy and research officer at Samantha.Mann@cipp.org.uk.

Back to ***Contents***

Expenses, Benefits & Reward

Childcare

Employer Supported Childcare closes to new applicants

13 September 2018

On 4 October 2018, the childcare voucher scheme will close to new applicants. Employees can keep getting vouchers if they've joined a scheme and get their first voucher before this date.

The government has produced guidance for employers to share with their employees about Tax-Free Childcare.

What is Tax-Free Childcare?
Tax-Free Childcare is a new government scheme that helps working parents with their childcare costs, allowing them to work, or work more hours, if they choose to. For every £8 a parent puts into a childcare account, the government will top up their account with £2. Parents can receive up to £2,000 per child, per year to pay for regulated childcare (£4,000 for disabled children).

Parents or their partners (if they have one) can't get Tax-Free Childcare at the same time as claiming Working Tax Credit, Child Tax Credit, Universal Credit or childcare vouchers. They can continue to receive Working Tax Credit, Child Tax Credit, Universal Credit or childcare vouchers if they get 30 hours free childcare without Tax-Free Childcare.

Parents can visit Childcare Choices and use the childcare calculator to work out which type of support is best for them.

What happens to other childcare support?
If a parent successfully applies for Tax-Free Childcare:

- Working Tax Credit or Child Tax Credit stops automatically straight away
- Childcare vouchers can continue for up to 90 days.

Parents need to successfully apply for Tax-Free Childcare before cancelling their Universal Credit claim.

What's happening to childcare vouchers?
On 4 October 2018, the childcare voucher scheme will close to new applicants. Employees can keep getting vouchers if they've joined a scheme and get their first voucher before this date, if they:

- stay with the same employer, who continues to run the scheme
- don't have a break in receiving vouchers of a year or more, for instance when taking an unpaid career break.

From 5 October, if an employee moves with their work under a business transfer covered by the Transfer of Undertakings (Protection of Employment) rules, the employee's terms and conditions will remain the same. In this case, either the employee can join any existing childcare voucher scheme their new employer runs, or their new employer can start a new scheme for them, if they don't already have one.

What you need to do if your employee receives childcare vouchers and starts using Tax-Free Childcare
If your employee tells you they've started using Tax-Free Childcare, you'll need to stop giving them childcare vouchers. If this means stopping or changing a salary sacrifice arrangement, you must also update your employee's contract and your payroll software.

What your employee needs to do
Your employee needs to tell you in writing (for example, by email) within 90 days if they get Tax-Free Childcare, so you can stop giving them vouchers. It's the parent's responsibility to tell you.

Parents can continue to use any vouchers they already have, including to make a joint payment for childcare with Tax-Free Childcare. There's no deadline for using their existing vouchers. Once they've told you they're getting Tax-Free Childcare, they can't re-join your voucher scheme later on.

Can you pay into a childcare account?

Other people, such as employers can also pay into the childcare account. You can do this using a bank transfer or setting up a standing order. If you choose to make a payment into your employee's childcare account, you should make the payment after the deduction of any tax and national insurance contributions due.

Communicate to your employees
The Government has produced materials to help you communicate the new support to your employees.

In an updated communications toolkit you can find useful email templates, leaflets, posters and social media content.

Back to ***Contents***

Tax-Free Childcare

12 September 2019

Tax-Free Childcare is available to eligible working parents that could entitle them to a maximum of £2,000 per year.

Tax-Free Childcare is a government scheme that aims to help working parents with the cost of childcare. Eligible parents can get up to £2,000 per child per year (a maximum of £500 per quarter), or £4,000 for children with disabilities (maximum £1,000 per quarter).

For every £8 a parent pays into their online childcare account, the government will pay in £2. For example, if childcare costs are £800 per month, the working parent will need to pay £640 into their childcare account to receive a government top up account with £160.

Parents can use Tax-Free Childcare to pay for qualifying childcare. This is any childcare or supervised activity not provided as part of a child's compulsory education, for example, by:

- Regulated childminders, nurseries and nannies
- Regulated pre and after-school clubs, holiday clubs and play schemes.

Working parents need to be:

- over 16 and live in the UK
- in paid work (either as an employee, including as a company director, or self-employed)
- expecting to earn on average, the equivalent of at least 16 hours a week at the National Minimum Wage or Living Wage for the next 3 months
- expecting to have an 'adjusted net income' that is not over £100,000 in the current tax year.

If the parent is taking parental leave, Tax-Free Childcare can only be used for other children, not the child that the parental leave is being used leave for.

The child must be 11 or under and normally live with the working parent/s (16 if disabled).

Further information together with a calculator can be found at www.childcarechoices.gov.uk.

To continue getting Tax-Free Childcare the working parent will need to confirm their eligibility every 3 months.

> ***CIPP comment***
> *Low Income Tax Reforms Group (LITRG) provide comprehensive guidance to working parents to help understand their entitlements which can be found at the LITRG website.*

Back to ***Contents***

CIPP response to BEIS consultation on neonatal leave and pay

4 October 2019

The CIPP has submitted its response to BEIS's consultation document – Neonatal Leave and Pay: Proposals to support parents of children who require neonatal care following birth.

An internal review by the Department for Business, Energy and Industrial Strategy (BEIS) highlighted that parents of premature, sick and multiple babies can experience significant challenges, particularly in cases where their baby or babies need neonatal care for several weeks or months.

During this time parents may need to travel significant distances between their home and the hospital on a daily basis or even stay in temporary accommodation closer to the hospital. This could introduce issues such as: childcare arrangements for other children; parents' ability to return to work at the end of their period of arranged leave; as well as the financial costs arising from all of the above.

Prospective parents and new parents enjoy a range of family-related leave and pay rights which enable them to take time off work prior to, and after, the birth of their child. In addition, all employees have the right to take a reasonable amount of time off work to deal with emergencies involving family and other dependants; and employees with 26 weeks' service have a statutory right to request flexible working.

Nevertheless, evidence gathered so far through the BEIS internal review suggested that current leave and pay entitlements do not adequately support parents where the baby or babies need to spend a prolonged period in neonatal care. To address this the government published a consultation document setting out proposals to support parents of children who require neonatal care.

Our response provided a summary of quantitative results taken from our electronic survey gathering responses from CIPP members and other payroll tax professionals to the consultation questions. We also held a Think Tank roundtable on 20 August and our response incorporated qualitative results through the views and experiences shared by members in attendance.

Key findings

- There is overwhelming support for the introduction of neonatal pay and leave
- 75% of respondents agreed that neonatal leave and pay should be restricted to parents whose children had spent a minimum of two weeks in neonatal care
- 96% of respondents agreed that neonatal leave should be a day one right
- There was broad agreement to the suggestion that neonatal leave and pay should follow on from other family related leave
- Around 80% of respondents agreed that mothers, fathers and partners should be asked to provide evidence of entitlement before taking neonatal leave, however what form that evidence should take is less clear cut
- There was overwhelming agreement that parents taking neonatal leave should have the same employment protections and right to return to work as employees on parental leave in respect of older children

Conclusion

Overall there is broad agreement with the proposals contained within this consultation, however the CIPP acknowledges that there are issues still to be resolved regarding notice periods, evidence of entitlement and the interaction with shared parental leave.

The CIPP encourages BEIS to continue engaging and involving stakeholders as it explores ways in which these issues can be resolved.

CIPP comment

You can read our full formal response at CIPP response to BEIS consultation on neonatal leave and pay.

Open consultation surveys and formal responses can be found under My CIPP/ Policy hub on the CIPP website.

Back to ***Contents***

Child Benefit and the High Income Child Benefit Charge

18 October 2019

The Office of Tax Simplification have published suggestions surrounding how to make elements of the High Income Child Benefit Charge (HICBC) more transparent to those that it affects and to make them aware of the benefits of claiming Child Benefit even if they do not receive the associated payments. The document published on 10 October 2019 stated that the link between Child Benefit and maintaining National Insurance contributions needs to be more widely publicised and explained as a number of people are missing out on this.

If an individual or their partner earns in surplus of £50,000 per year, a tapered tax charge applies to the child benefit and once the earnings exceed £60,000, the charge is equivalent to the monetary amount of that benefit. At this point, many decide that it is not advantageous to claim the benefit as they are not well informed about the implications this may have on their National Insurance records. The additional positive aspect to claiming but not receiving payments relating to Child Benefit arises from the fact that it is the main method by which children are allocated with a National Insurance number upon turning 16.

The document comments on the administrative burden that could potentially be placed on the Department of Work and Pensions (DWP) if there is a surge in the number of individuals requiring an NI number whose parent(s) were not claiming Child Benefit. It also seeks to find resolutions for backdating NI contributions for any who were not aware of the effect of not claiming the benefit on their National Insurance record.

Back to ***Contents***

Amendments to timings surrounding Tax-Free Childcare payments

21 October 2019

The Childcare Service Team at Gov.UK has confirmed that, should you pay funds into your Tax-Free Childcare (TFC) account via bank transfer, the time taken for the monies to reach your designated childcare provider will be significantly reduced.

This will be a welcome change for affected parents as currently, it can take up to three working days for transferred funds to arrive at their intended destination. Payments that exceed £2,000 will still be subject to the potential three working day maximum transfer period.

If you make a deposit by bank transfer, it will now take approximately two hours for the funds to reach your childcare account, the government top-up is instantly applied and will appear immediately in 'available funds'. If payments are made to the relevant childcare provider prior to 2:30 PM, they will receive the monies the same day but if they are sent after 2:30 PM, or on a weekend or bank holiday, they will arrive in the provider's account the next working day.

Tax-Free Childcare was implemented to support the fact that entitlement to join Childcare Voucher schemes ceased in October 2018. It was intended that this would eventually replace the requirement for Childcare Voucher schemes. The latest edition of the Employer Bulletin discusses the issue of 'stockpiled childcare vouchers' and explains the obligation on employers to advise employees in relation to the value of childcare vouchers they have. This is because circumstances may have changed which means they can no longer utilise those vouchers or because the vouchers will soon expire. There are also some helpful frequently asked questions providing advice for employers on both Tax-Free Childcare and Childcare Vouchers.

CIPP comment

The CIPP is still part of the Tax-Free Childcare implementation forum, so if there are any comments, concerns or positive feedback on this area, please contact the Policy team so that we can share your thoughts and ideas and potentially shape the future of TFC.

Back to *Contents*

Company Cars

Company Car Tax Diesel Supplement

18 February 2019

Diesel cars which meet the levels of Nitrogen Oxide (NOx) emissions, permitted by Euro standard 6d, qualify for exemption from the entire diesel supplement.

For the 2019 to 2020 tax year information will be available from the Driver Vehicle Licencing Agency (DVLA). For cars manufactured after September 2018, the online Vehicle Enquiry Service will help you identify whether a car meets Euro standard 6d.

Euro standard 6d information is also available on the form V5C for cars registered from 1 September 2018 onwards. If the Euro status of the car is shown as Euro 6AJ, 6AK, 6AL, 6AM, 6AN, 6AO, 6AP, 6AQ or 6AR, the car meets Euro standard 6d.

How to report a diesel company car which is new or made available to an individual for the first time during the 2019 to 2020 tax year, and which complies with Euro standard 6d

From 6 April 2019 a new fuel type will be shown on form P46 (car) called 'Fuel Type F – Diesel cars meeting Euro standard 6d'. This fuel type should be used for reporting diesel company cars which are Euro standard 6d compliant. This replaces previous guidance which advised these cars being reported as fuel type 'A'.

Payrolling the car and car fuel benefit for a diesel company car which is Euro 6d compliant

If you have registered to payroll the car and car fuel benefit charge in the 2019 to 2020 tax year for a Euro standard 6d compliant diesel car:

- calculate the cash equivalent using the appropriate percentage for 'Fuel Type F'
- enter this amount in 'Box 182' of the Full Payment Submission (FPS)
- enter 'F' in 'Box 177' of the FPS.

Calculating the cash equivalent

From the 2019 to 2020 tax year onwards, if you use the HMRC online calculator, or other business tools to calculate cash equivalent for company cars, there will be a new fuel type 'Fuel Type F – Diesel cars meeting Euro standard 6d'. This should be used when calculating the value for diesel company cars which are Euro 6d compliant.

Back to ***Contents***

Advisory Fuel Rates for Company Cars from 1 March 2019

25 February 2019

HMRC has issued details of the latest Advisory Fuel Rates (AFRs) for Company Cars which apply from 1 March 2019.

For one month from the date of change, employers may use either the previous or new current rates, as they choose. Employers may therefore make or require supplementary payments if they so wish, but are under no obligation to do either.

The new rates are below (previous rate in brackets where there is a change):

Engine size	Petrol	LPG
1400cc or less	11p (12p)	7p (8p)
1401cc to 2000cc	14p (15p)	8p (10p)
Over 2000cc	21p (22p)	13p (15p)

Engine size	Diesel
1600cc or less	10p
1601cc to 2000cc	11p (12p)
Over 2000cc	13p (14p)

Hybrid cars are treated as either petrol or diesel cars for this purpose.

Follow this link for details on how the rates are calculated

Advisory Electricity Rate
The Advisory Electricity Rate for fully electric cars is 4 pence per mile.
Electricity is not a fuel for car fuel benefit purposes.

Back to ***Contents***

Advisory Fuel Rates for Company Cars from 1 June 2019

29 May 2019

HMRC has issued details of the latest Advisory Fuel Rates (AFRs) for Company Cars which apply from 1 June 2019.

For one month from the date of change, employers may use either the previous or new current rates, as they choose. Employers may therefore make or require supplementary payments if they so wish, but are under no obligation to do either.

The new rates are below (previous rate in brackets where there is a change):

Engine size	Petrol	LPG
1400cc or less	12p (11p)	8p (7p)
1401cc to 2000cc	15p (14p)	9p (8p)
Over 2000cc	22p (21p)	14p (13p)

Engine size	Diesel
1600cc or less	10p
1601cc to 2000cc	12p (11p)
Over 2000cc	14p (13p)

Hybrid cars are treated as either petrol or diesel cars for this purpose.

Follow this link for details on how the rates are calculated

Advisory Electricity Rate
The Advisory Electricity Rate for fully electric cars is 4 pence per mile.
Electricity is not a fuel for car fuel benefit purposes.

Back to ***Contents***

Taxable benefits and rules for measuring CO2 emissions

12 July 2019

New rules for company car drivers include that zero emission cars will pay no company car tax in 2020-21.

Measures on 'Taxable benefits and rules for measuring carbon dioxide emissions' which were first announced in Budget 2017, have been confirmed in the 2019-20 Finance Bill and will have effect from 6 April 2020.

- For cars first registered from 6 April 2020, most company car tax rates will be reduced by 2ppt in 2020-21 before returning to planned rates over the following two years – increasing by 1ppt in 2021-22 and 1ppt in 2022-23.
- To accelerate the shift to zero emission cars, all zero emission models will pay no company car tax in 2020-21, 1% in 2021-22 before returning to the planned 2% rate in 2022-23.

The changes follow a review into the impact of the Worldwide harmonised Light vehicles Test Procedure (WLTP) on Vehicle Excise Duty and company car tax.

With regard to Vehicle Excise Duty, a call for evidence will be published later this year seeking views on moving towards a more dynamic system which recognises smaller differences in carbon dioxide (CO2) emissions.

The amendments also clarify that, for the purposes of CCT and related charges, cars first registered on or after 1 October 1999 but before 6 April 2020 will continue to be taxed on the basis of the CO2 emissions figure measured under the NEDC procedure.

The legislation remains unchanged for cars first registered before 1 October 1999.

Back to ***Contents***

Advisory Fuel Rates for Company Cars from 1 September 2019

29 August 2019

HMRC has issued details of the latest Advisory Fuel Rates (AFRs) for Company Cars which apply from 1 September 2019.

For one month from the date of change, employers may use either the previous or new current rates, as they choose. Employers may therefore make or require supplementary payments if they so wish, but are under no obligation to do either.

The new rates are below (previous rate in brackets where there is a change):

Engine size	Petrol	LPG
1400cc or less	12p	8p
1401cc to 2000cc	14p (15p)	10p (9p)
Over 2000cc	21p (22p)	14p

Engine size	Diesel
1600cc or less	10p
1601cc to 2000cc	11p (12p)
Over 2000cc	14p

Hybrid cars are treated as either petrol or diesel cars for this purpose.

Follow this link for details on how the rates are calculated

Advisory Electricity Rate
The Advisory Electricity Rate for fully electric cars is 4 pence per mile.
Electricity is not a fuel for car fuel benefit purposes.

Back to *Contents*

Car and car fuel benefit calculation to change

28 October 2019

HMRC has confirmed that, in order to reflect ever-changing society, there will be 11 new bands for Ultra Low Emission Vehicles (ULEVs) from April 2020 onwards, that will be incorporated on a separate table. This will also herald the inclusion of a separate zero emissions band.

The move was proposed in order to reiterate the government's guarantee that they will aim to improve air quality and reduce pollution across the UK and to encourage people to invest in more environmentally friendly vehicles.
The guidance issued by the Software Developers Support Team (SDST) includes a ready reckoner and flow chart to help with the arduous task of applying the correct percentage bracket to Company Car Benefits.

It was announced by HMRC that company car drivers using zero emission cars will pay no company car tax from 2020-2021. This is an initiative that is being put into place in order to influence people to shift to the use of zero emission cars in a bid to help the environment. In 2021-22, the tax rate will increase to one percent before returning to the planned two percent in 2022-2023.

Back to *Contents*

Advisory Fuel Rates for Company Cars from 1 December 2019

28 November 2019

HMRC has issued details of the latest Advisory Fuel Rates (AFRs) for Company Cars which apply from 1 December 2019.

For one month from the date of change, employers may use either the previous or new current rates, as they choose. Employers may therefore make or require supplementary payments if they so wish but are under no obligation to do either.

The new rates are below (previous rate in brackets where there is a change):

Engine size	Petrol	LPG
1400cc or less	12p	8p
1401cc to 2000cc	14p	9p (10p)
Over 2000cc	21p	14p

Engine size	Diesel
1600cc or less	9p (10p)
1601cc to 2000cc	11p
Over 2000cc	14p

Hybrid cars are treated as either petrol or diesel cars for this purpose.

Follow this link for details on how the rates are calculated

Advisory Electricity Rate

The Advisory Electricity Rate for fully electric cars is 4 pence per mile.

Electricity is not a fuel for car fuel benefit purposes.

Back to ***Contents***

Ultra-Low Emission Vehicles

19 December 2019

In the December 2019 edition of the Employer Bulletin (Employer Bulletin 81), reference was made to proposed changes that will impact Ultra-Low Emission Vehicles from the turn of the new tax year.

The changes were first addressed in the preceding issue of the Employer Bulletin – the October 2019 issue, or Employer Bulletin 80, where it was advised that the Government wanted to support its commitment to improving the air quality in towns and cities. In order to do this, there would be adjustments to car and car fuel benefit calculations and lower tax bands for cars that are less detrimental to the environment.

11 new bands will be introduced for Ultra-Low Emission Vehicles (ULEVs) including a separate zero emissions band. Where a car's Co2 emission figure Is between 1-50g/km, the car's zero emission mileage would need to be recorded in place of the Co2 emission figure for the purpose of tax calculations. The zero-emission mileage figure relates to the maximum distance the car can travel in electric mode prior to having to recharge the battery.

In the most recent Employer Bulletin, further guidance is provided relating to reporting a new company car or one that is made available to an individual for the first time in the 2020/2021 tax year. From 6 April 2020, the form P46 (car) will include a new field and where the car has a Co2 emission figure of 1-50g/km, the car's zero emission mileage will need to stated here.

The bands have not yet been released but the proposed revisions can be found here. The percentage of tax applied to the company car benefit will be based on miles travelled and not just Co2 emissions. The guidance provided is as follows:

"From 6 April 2020, the graduated table of company car tax bands will now include a differential for cars with emissions of 1 to 50 gCO2 per km based on the electric range of the car.

For cars with an electric range of 130 miles or more, the appropriate percentage is 2%; for cars with an electric range of between 70 to 129 miles, the appropriate percentage is 5%; for 40 to 69 miles, the appropriate percentage is 8%; for 30 to 39 miles, the appropriate percentage is 12% and for less than 30 miles, the appropriate percentage is 14%.

For cars that can only be driven in zero-emission mode, the appropriate percentage is 2%."

Back to ***Contents***

Advisory Fuel Rates for Company Cars from 1 March 2020

25 February 2020

HMRC has issued details of the latest Advisory Fuel Rates (AFRs) for Company Cars which apply from 1 March 2020.

For one month from the date of change, employers may use either the previous or new current rates, as they choose. Employers may therefore make or require supplementary payments if they so wish but are under no obligation to do either.

The new rates are below (previous rate in brackets where there is a change):

Engine size	Petrol	LPG
1400cc or less	12p	8p
1401cc to 2000cc	14p	10p (9p)
Over 2000cc	20p (21p)	14p

Engine size	Diesel
1600cc or less	9p
1601cc to 2000cc	11p
Over 2000cc	13p (14p)

Hybrid cars are treated as either petrol or diesel cars for this purpose.

Follow this link for details on how the rates are calculated

Advisory Electricity Rate

The Advisory Electricity Rate for fully electric cars is 4 pence per mile.

Electricity is not a fuel for car fuel benefit purposes.

Back to ***Contents***

The Van Benefit and Car and Van Fuel Benefit Order 2020

5 March 2020

The van benefit charge and fuel benefit charges for cars and vans for use from 6 April 2020 have been published. The figures will be increased as per below:

- **Van Benefit Charge** – increase from £3,430 to £3,490
- **Car Fuel Benefit Charge** – multiplier will increase from £24,100 to £24,500
- **Van Fuel Benefit Charge** – multiplier will increase from £655 to £666

Jesse Norman, the Financial Secretary to the Treasury, confirmed in a written statement that the announcement was being made outside of the normal fiscal process to give employers and HMRC sufficient time to prepare for the changes prior to tax year 2020-21.

A taxable benefit in the form of a Van Benefit Charge (VBC) arises in scenarios where an employee is provided with a company van and it is available for use for personal journeys.

From 6 April 2015 to 5 April 2022, there is a reduction in the VBC that applies for zero-emission vans. For tax year 2020-21, the VBC will increase to 80% from the 60% that applied in tax year 2019-20. Therefore, an employee who has a company van which they can use for private trips in tax year 2020-21, and it is zero-emission, would only pay tax on 80% of £3,490, so £2,792.

Back to ***Contents***

General Expenses, Benefits & Reward News

Changes to the treatment of expenses for unpaid office-holders

21 January 2019

The government will legislate in Finance Bill 2019-20 so that expenses paid or reimbursed to unpaid office-holders, are exempt from income tax when incurred because of their voluntary duties.

This places the existing concessionary treatment of paying or reimbursing reasonable expenses incurred because of their voluntary duties on to a statutory footing, providing certainty for those organisations engaging unpaid office-holders.

Corresponding legislation will be introduced to mirror the income tax exemption for National Insurance contributions.

The new rules will apply from 6 April 2020.

This information was highlighted in the December 2018 issue of HMRC's Employer Bulletin.

Back to ***Contents***

The Income Tax (Approved Expenses) (Amendment) Regulations 2019

14 March 2019

Regulations come into force on 19 March to remove the requirement for employers to check receipts from April 2019 when reimbursing employees for subsistence using benchmark scale rates.

Background
Many employers pay or reimburse employee expenses incurred while travelling for their job. Employers can either pay or reimburse actual expenses for which they must provide receipts or use scale rates set by HMRC. Overseas scale rates are concessionary amounts currently set out in HMRC guidance that are provided by HMRC as an administrative easement for employers. Employers can use these rates as the maximum amounts for paying or reimbursing accommodation and subsistence expenses to employees, whose duties require them to travel abroad, free of tax and National Insurance contributions.

The rates are dependent on the country and city the employee visits along with the length of time of the visit. Many employers find the overseas scale rates a useful and simple way to reimburse employees for the costs they incur while travelling abroad for work. As the overseas scale rates are concessionary there are no requirements for employers to check employee receipts.

The government undertook a call for evidence on the taxation of employment expenses in summer 2017 where employers indicated that they found the overseas scale rates useful and also called for stability and predictability in the expenses rules.

In response the government announced its intention at Autumn Budget 2017 to introduce new legislation to bring the concessionary overseas scale rate payment system into legislation. This will give employers certainty and clarity in their expenses practices in the future.

Section 10 of the Finance Act 2019 provides a new tax exemption for expenses incurred in the course of qualifying travel that have been paid or reimbursed in accordance with regulations on the condition that employers ensure that employees are undertaking qualifying travel. Qualifying travel means travel, the expenses of which are deductible from an employee's income when calculating this for income tax purposes under Chapters 2 or 5 of Part 5 of ITEPA.

The Income Tax (Approved Expenses) (Amendment) Regulations 2019 introduce the concessionary overseas scale rates into legislation using the power introduced by section 10 of FA 2019.

From April 2019 employers will no longer be required to check receipts when reimbursing employees for subsistence using benchmark scale rates.

Back to ***Contents***

Guide 480 Expenses and benefits

15 March 2019

An update has been made under the optional remuneration arrangements section in the employer Guide 480 (2019) Expenses and benefits.

Although new content and revisions are marked with a green line in the margin of the guide, it has not been made clear exactly what change has been made.

Section 5a on page 133 is the section which has been updated and reads as follows:

Example 5a

An employee has a car made available to them in the tax year 2019 to 2020 under the terms of an optional remuneration arrangement under which they give up £300 per month.

The car is first made available on 6 October 2019 and as in example 1 above, the employee also makes a capital contribution of £1,500 for a higher specification vehicle. The car has a list price of £20,000 and an appropriate percentage of 17%.

The modified cash equivalent of the car will be £1,700 (£20,000 x 17%) = £3,400 less deduction for unavailability.

The availability factor here is 0.5 (366-183/366) £3,400 x 0.5 = £1,700.

The modified cash equivalent is then compared to the amount foregone £1,800 (£300 x 6 months). The amount foregone is greater than the modified cash equivalent (£1,700) and so £1,800 is used to determine the relevant amount.

The relevant amount to treat as earnings is £1,800 minus £128 (capital contribution of £1,500 x 17% x 0.5 availability factor) = £1,672.

Guide 480 (2019) Expenses and benefits

Back to ***Contents***

CIPP webcast on Payrolling Benefits in Kind

11 March 2019

Diana Bruce, CIPP Senior Policy Liaison Officer provides a brief overview of the voluntary online payrolling of BiKs service and takes a look at some of the results of a survey currently running with HMRC on the biggest barriers that currently exist which prevent employers and their agents from electing to Payroll their Benefits in Kind.

CIPP webcast on Payrolling Benefits in Kind

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

The CIPP/HMRC survey closes on 15 March 2019. If you haven't already, please spare around ten minutes to provide your views and experiences.

Back to ***Contents***

PAYE: end-of-year expenses and benefits (P11D)

4 June 2019

A selection of dates are available through June and July to attend a live webinar hosted by HMRC covering the most common benefits on form P11D. Questions can also be put to HMRC during the webinar.

HMRC has support for employers as they complete their annual reports on expenses and benefits. During the live webinar HMRC will use examples to show you how to enter the most common benefits on the form P11D – including medical insurance, company cars and vans, and paying mileage allowances to employees using their own vehicle.

You can ask general questions about completing your end-of-year expenses and benefits return using the on-screen text box.

Choose a date and time to attend the webinar.

Additional support
Videos are available to view on HMRC's YouTube channel, topics include 'Payroll software and sending reports to HMRC'.

HMRC also has an Expenses and benefits from employment toolkit which is designed to help agents and advisers, but it may also be of use to employers or anyone completing end of year form P11D.

And you can find out more about payroll in HMRC's online guide 'Becoming an employer'.

CIPP Payroll training courses

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

PAYE Expenses & Benefits (P11D)

30 May 2019

With P11D season around the corner, HMRC is running a webinar on 20 June to provide examples of the most common entries on the end-of-year expenses and benefits return with subject matter experts on hand to take any questions.

Follow this link to register your place - Thursday 20 June – midday to 1pm

CIPP training course – 17 June
The CIPP run a one-day classroom based course on P11D, expenses and benefits which is designed for those delegates in payroll or finance who are responsible for administering expenses and benefits provided to employees

and aims to help delegates negotiate the complex tax and NIC rules for a range of expenses, benefits in kind and the rules around travel and subsistence.

In addition, delegates are given guidance on how to calculate and report the values of these benefits on form P11D and Class 1A NICs on form P11Db.

Also included with the course are the principles of grossing up, settling tax and NIC on benefits provided to employees/third parties via Taxed Award Schemes, or a PAYE Settlement Agreement.

Click here for full details of how to book your place on the next course.

Back to ***Contents***

E-bike Cycle to Work scheme in new era of green commutes

11 June 2019

A refreshed Cycle to Work scheme will make it easier for employers to provide cycles and equipment including e-bikes worth over £1,000.

To promote healthier journeys to work and to reduce environmental pollution, the 1999 Finance Act introduced an annual tax exemption, which allows employers to loan cycles and cyclists' safety equipment to employees as a tax-free benefit. The exemption was one of a series of measures introduced under the Government's Green Transport Plan.

Since then employers have been encouraged to get their workforces cycling through loan and pooled cycle schemes, and now the Government has 'ushered in' a new era of green commutes with e-bike Cycle to Work scheme.

Every week is a 'something' week and this week it is Bike Week, an annual celebration to showcase cycling, delivered by Cycling UK. Bike Week is here to inspire people all over the UK to give cycling a try. Riding a bike can easily be a part of everyday life and as part of Bike Week the government is refreshing guidance to help to increase the use of e-bikes to help tackle congestion, speed up commutes and cut travel costs.

E-bikes have an integrated motor that helps a cyclist pedal, allowing them to reach speeds of up to 15.5 mph in the UK. They are seen as a game changer for their potential to make it easier for older or less fit people to make cycling a part of their commute.

Cycling Minister Michael Ellis announced the refreshed scheme, which could help many more commuters turn to greener journeys using e-bikes, 70,000 of which were sold in the UK last year.

The refreshed guidance will make it easier for employers to provide bicycles and equipment including e-bikes worth over £1,000, by making it clear that FCA authorised third party providers are able to run the scheme on their behalf.

As well as boosting air quality and reducing emissions, the refreshed guidance announced today could also make daily commutes cheaper. A recent survey of 2,000 commuters (commissioned by Evans Cycles) estimated that by switching from car, bus, tube or train to e-bikes, commuters could save an average of £7,791 over 5 years.

Through the Cycling and walking investment strategy, which outlines the government's ambition to make cycling and walking a natural choice for shorter journeys, or as part of longer journeys by 2040, the government will invest around £2 billion on active travel over the course of this Parliament - doubling spending per head compared to the last Spending Review period.

CIPP comment
The 'refreshed guidance' that is referred to is somewhat elusive by its absence as it does not appear to have published on GOV.UK yet, but when we catch sight of it, we shall of course share the information.

Back to ***Contents***

ABAB - payrolling benefits in kind

18 June 2019

ABAB, the Administrative Burden Advisory Board has confirmed that resource has been allocated to develop solutions for the elements of payrolling benefits in kind that are causing concern.

ABAB
The Administrative Burden Advisory Board (ABAB) is a group of small and medium business operators and advisers who meet regularly with HMRC and report annually, as an independent body, to the Financial Secretary to the Treasury (FST).

Their primary goal is to 'make a noticeable difference' for small and medium sized businesses (SMEs), particularly in relation to the administrative burdens imposed by the tax system.

Their goals also include being an independent critical friend to HMRC who can critique and influence and to have close consultation with HMRC who have overall responsibility for policy changes.

In 2018/19 ABAB's priorities were:

- Making Tax Digital and EU Exit
- Culture and Capability for listening (including Digitisation / Technology)
- Refreshing and building relationships
- Customer Experience and Lessons Learned including 'Tell ABAB report'

Payrolling Benefits in Kind
At the ABAB board meeting in February, one of the topics under discussion was Payrolling Benefits in Kind (PBIK). ABAB's two main concerns in this area were acknowledged:

1. The need to submit P11Ds is expected to reduce as employers choose to tax Benefits in Kind through their Payroll in real time.
2. Authorised agents (including Payroll Bureaux) need to be able to register their clients on the payrolling registration service.

It was confirmed that resource has been allocated to this work and a project team has been established to develop solutions. In some situations, employers who are payrolling BIKs, still need to submit a P11D and all employers still need to submit a P11D(b). In the coming months the project team will:

- Explore options for voluntarily payrolling Class 1A NICs in real time to remove the need for the end of year P11D (b).
- Develop legislative options and implementation plans to allow beneficial loans and employer provided living accommodation to be payrolled, to allow the last two remaining BIKs to be payrolled.
- Develop a process to allow employers to commence payrolling in-year, to remove the need for a P11D for new employees.
- Engage with, and provide support, to employers who continue to use informal payrolling arrangements to allow them to transition into the voluntary payrolling framework, to remove the need for them to complete a P11D.
- To support SME and other employers who use agents, HMRC will look to revive the PBIK agent's enhancement element of the Agent Service project, to add in the functionality to allow agents to register and use the service on an employer's behalf. This will be included as part of any wider package of reforms.
- Ensure an enhanced guidance package will explain the benefits of payrolling with step by step guidance on how to go about payrolling. This will clearly set out the limitations of the current service to manage expectations.

Comments from discussion included that the current process is not conducive to encouraging more employers to payroll. SMEs, who use agent services rather than in-house payroll departments, are disadvantaged. Allowing authorised agents to register on the PBIK service would require additional functionality - this was originally included as part of an Agent Service project but was postponed due to funding constraints. There are still challenges in the cost and capacity landscape, but HMRC recognise this is an area of importance and will continue to work with a range of stakeholders to work-up and consider requirements.

ABAB Board members made the following comments:

- PAYE/RTI causes year end demand where employees want their position set out and the current system does not support this.
- Process needs to be smoother and Agents requirements need to be built in at the design stage.
- Employees expect the Personal Tax Return to links up other filing requirements.
- Agents submitting during February - March are required to use data that is 2 years old.

Annual Report
In the recently published Annual Report Better tax for Better business, ABAB said it was surprised and disappointed that progress in the PBIKs area has not advanced as far as anticipated and that the admin burden has not reduced as expected. It also noted that it is frustrating that despite previous assurance, this work has slipped as a priority issue for HMRC.

However, ABAB did acknowledge and are pleased by the recent commitment from HMRC's Income Tax Policy Team (ITPT) to allocate resources and set up a project team to develop solutions to ABAB's key concerns regarding Payrolling Benefits in Kind. It was recognised that the current parliamentary landscape and constraints on HMRC resources make this a challenging environment to introduce reform, but this reform offers real administrative savings for HMRC as well as customers.

HMRC's current commitment to allocate resources to PBIKs and work with ABAB is good news but highlights there is still a role for ABAB to monitor this and they have scheduled ITPT to attend ABAB's Quarterly Board meeting to provide a progress report.

What's planned for 2019/20
ABAB will continue to prioritise and address the key administrative issues impacting small businesses. Their key priorities for 2019/2020 will include:

- EU Exit/Brexit
- Making Tax Digital for Business
- Tell ABAB survey
- Customer Experience (including Customer Journeys/ Behaviours, Research and Insight)
- Culture and Capability for listening (including Digitisation / Technology)
- HMRC contact performance

ABAB has also said that it will remain engaged with the Office of Tax Simplification (OTS) review on Future Technologies [on] the taxpayer, technology and the State, innovation and communication, consumer choices, cashless society and digital exclusion, to understand the impact and effects of these for SME's.

ABAB will also look at how existing tools can be utilised e.g. the Personal Tax Account and Impacts on vulnerable groups.

Back to ***Contents***

Cycle to work scheme implementation guidance for employers

24 June 2019

Earlier this month as part of Bike Week, the government announced that it would be refreshing guidance to help to increase the use of e-bikes to help tackle congestion, speed up commutes and cut travel costs.

The refreshed guidance from the Department for Transport is available to access on gov.uk - Cycle to Work Scheme Guidance for Employers. It updates and clarifies the guidance last published in 2011 by the Department for Transport.

E-bikes have an integrated motor that helps a cyclist pedal, allowing them to reach speeds of up to 15.5 mph in the UK. They are seen as a game changer for their potential to make it easier for older or less fit people to make cycling a part of their commute. 70,000 e-bikes are reported to have been sold in the UK last year.

The refreshed guidance makes it easier for employers to provide bicycles and equipment including e-bikes worth over £1,000, by making it clear that Financial Conduct Authority (FCA) authorised third party providers are able to run the scheme on their behalf.

To promote healthier journeys to work and to reduce environmental pollution, the 1999 Finance Act introduced an annual tax exemption, which allows employers to loan cycles and cyclists' safety equipment to employees as a tax-free benefit. The exemption was one of a series of measures introduced under the Government's Green Transport Plan.

Since then employers have been encouraged to get their workforces cycling through loan and pooled cycle schemes, and now the Government has introduced a new era of green commutes with e-bike Cycle to Work scheme.

As well as boosting air quality and reducing emissions, switching from car, bus, tube or train to e-bikes, could save commuters an average of £7,791 over 5 years.

Salary sacrifice
Where a cycle and/or safety equipment is made available to an employee under a salary sacrifice arrangement there will be a consumer hire agreement in place which will typically be between the employee and the employer, or it could be with a third party, such as a scheme provider.

If it is with a third part this is likely to be a regulated consumer hire agreement under the Consumer Credit Act 1974 (CCA). The owner under the consumer hire agreement may need Financial Conduct Authority (FCA) authorisation. There is an exemption from needing authorisation where the owner is the employer and the total value of the goods being hired does not exceed £1,000.

This exemption does not apply if the total value of the goods hired under the agreement exceeds £1,000. This is irrespective of the value of the salary sacrifice arrangement. The exemption also does not apply if the employer is authorised by the FCA for another separate regulated activity, or if the agreement is with a third party (such as a scheme provider), in which case FCA authorisation is needed. Schemes where the total value of goods hired exceeds £1,000 are acceptable provided the requisite FCA authorisation is obtained.

An Electrically Assisted Pedal Cycle (EAPC) can be included under the scheme. For further information on requirements for using EAPCs see gov.uk.

There are different rules in Northern Ireland.

Government investment
Cycling and Walking Minister Michael Ellis announced an extra 2,300 cycle spaces to be built at 48 stations across England, enabling commuters to cycle directly to the station and lock up their bike securely. The investment is part of the Cycle Rail programme, now been backed by over £40 million from the Department for Transport. It has helped tens of thousands of cyclists to make their journeys to work joined up and sustainable.

The Cycle Rail programme has already tripled the number of cycle parking spaces at more than 500 stations, bringing the total to over 80,000.

Refreshed guidance
The Cycle to work scheme guidance for employers provides options on setting up a cycle to work scheme covering:

- benefits
- eligibility
- equipment
- taxation
- salary sacrifice and national insurance contributions

Back to ***Contents***

PAYE Settlement Agreement deadline 6 July

25 June 2019

A PSA can be entered into at any time before 6 July following the end of the tax year to which it first applies, so any agreements for the 2018-19 tax year should be reached with HMRC by 5 July 2019.

A PAYE Settlement Agreement (PSA) allows you to make one annual payment to cover all the tax and National Insurance due on minor, irregular or impracticable expenses or benefits for your employees. If you get a PSA for these items, you will **not** need to:

- put them through your payroll to work out tax and National Insurance
- include them in your end-of-year P11D forms
- pay Class 1A National Insurance on them at the end of the tax year (you pay Class 1B National Insurance as part of your PSA instead)

Once a PSA has been entered into, the agreement is enduring.

The final due date for payments is 19 October (or 22 October where paid by an approved electronic payment method) following the year to which the PSA applies, but payments of tax and NICs can be made at any time after the agreement is signed.

For further information on PSAs visit gov.uk.

Back to ***Contents***

Special arrangements for part-time Office Holders

1 July 2019

Prior to April 2019, public bodies were able to enter into special arrangements with HMRC to account for the tax and National Insurance contributions on behalf of part time Office Holders in respect of home to office travel and subsistence payments.

These special arrangements were in existence for a number of years prior to the introduction of PAYE Settlement Agreements.

Following a review undertaken by HMRC, it was decided to withdraw these special arrangements from 6 April 2019 and public bodies were notified of this change by letter.

The change means that any payments made to the part time Office Holders in respect of travel and subsistence payments from 6 April 2019 will have to be paid through the payroll to account for the tax and National Insurance due.

There is still the option to account for the tax and National Insurance due by grossing up the payments through the payroll. Further information on this can be found on gov.uk.

Prior to 6 April 2019, as part of the terms of a part time appointment, government departments and public bodies often paid the expense of travel between the office holder's home and the usual place where duties are performed and a subsistence allowance for periods spent there.

Office holders were often invited to enter into an agreement whereby the payer accounts for tax on payments towards travel and subsistence. These expenses payments were then not treated as pay for tax deduction purposes, not included on the Deductions Working Sheet of the individual and not included by the individual as expenses payments on tax returns.

Back to ***Contents***

Research shows a lack of understanding amongst employees on the taxation of benefits in kind

2 July 2019

Research for HMRC exploring the incidence and nature of non-taxable benefits in kind received by employees in the UK has been published

Research exploring the incidence and nature of non-taxable benefits in kind received by employees in the UK has been published on GOV.UK, revealing that just over a third of employees knew that benefits and perks provided by employers were sometimes subject to income tax and National Insurance contributions.

The research was commissioned by HMRC with the key aims being to:

- quantify the number of employees receiving different non-taxable BiKs;
- explore if there are differences in the incidence of non-taxable BiKs, based on various sectoral and individual factors; and
- gather an understanding of the value employees put on BiKs, how remuneration packages are agreed between employers and how well employees understand the rules behind the taxation of BiKs.

The research involved 1,528 interviews with employees across all key sectors in the UK.

The research also revealed that the majority of employees were offered at least one non-taxable BiK by their employer but there were clear variations by sector with a much greater proportion of employees in 'white collar' sectors being offered, and accepting, benefits.

The research shows that the five most commonly used non-taxable BiKs were:

- an annual party
- free or discounted products or services for staff
- mobile phone
- parking
- free or subsidised meals

You can read the full report on GOV.UK

Back to ***Contents***

Gift cards increasingly popular incentive among businesses

3 July 2019

The volume of businesses using gift cards as part of their reward, incentive and loyalty schemes has seen a significant uplift year-on-year, according to the latest research published by the UK Gift Card & Voucher Association.

The volume of businesses using gift cards as part of their reward, incentive and loyalty schemes has seen a significant uplift year-on-year, according to the latest research published by the UK Gift Card & Voucher Association (UKGCVA).

The State of the Nation report, compiled by GlobalData and sponsored by First Data, found that the B2B gift card market has seen an impressive 20.5% growth year-on-year.

Employee incentive schemes are a particularly key avenue for this growth, with over a fifth (21.1%) of Brits receiving gift cards through these programmes. This figure rises to 29.9% for millennial and Generation Z workers – those aged between 16 and 34 – suggesting that gift cards are a popular method for engaging with the younger generation, and likely to rise in popularity in future.

Encouragingly, this has also been recognised by organisations offering gift cards, with more than six in 10 gift card managers (61.5%) looking to develop direct relationships with businesses wanting to reward their staff. A further 43.6% are also developing partnerships with the likes of price comparison businesses, energy providers and media

companies, demonstrating the increasingly prominent role gift cards can play in businesses' incentive and loyalty programmes.

The in-depth research, which surveyed more than 2,000 UK shoppers, C-suite executives and gift card managers on their perceptions, attitudes and habits towards gift cards, demonstrates that gift cards could be leveraged as a key tool for businesses to engage their staff, as well as customers. However, more needs to be done to secure senior buy-in if this market growth is to continue.

While more than four in five (85%) gift card managers believe gift cards to be an important area of growth for their business, this figure drops to just under two thirds (65%) of professionals at C-suite level. This is likely due to the fact that almost half of senior-level employees (45%) reported having minimal visibility of the results driven by gift cards, and more than a third (35%) reported little to no awareness of the opportunities they can present.

Gail Cohen, director general of the UKGCVA, commented:

"The right reward scheme can have a hugely positive influence on employee (and customer) loyalty, particularly when used as part of an ongoing incentive and reward programme. However, if retailers are to capitalise on the opportunities presented by the growing B2B gift card market, it is imperative that gift card managers and the C-suite are on the same page, requiring greater education and clearer lines of reporting throughout the business around the positive effects gift card programmes can have."

For more information, click here.

Back to ***Contents***

Voluntary office-holders: payments in respect of expenses

12 July 2019

The 2019-20 Finance Bill introduces a new income tax exemption for voluntary office holders who are paid or reimbursed reasonable private expenses incurred in carrying out the duties of the office.

The new provision (originally announced at Budget 2018) places the existing concessionary treatment for payments or reimbursements of reasonable private expenses made to voluntary office holders on a statutory basis and will have effect from 6 April 2020.

Background
Most individuals who do unpaid voluntary work for an organisation, such as a charity or local society, are not office holders or employees. This means the reimbursement of any expenses incurred by these individuals in doing the work of the organisation will not give rise to a liability to tax. Similarly, these individuals are not liable to tax on the reimbursement of the extra cost they might incur, such as the travel between home and the place the work is done. However, a person who has been appointed to a position by an organisation and does voluntary unpaid work for that organisation may be an office holder. Voluntary office holders include, for example, magistrates and special constables.

HMRC's long standing practice is that no tax charge arises on expenses provided to voluntary office holders, as long as they do not receive any reward for carrying out the duties of their office and any payments or reimbursements do no more than meet the expenses they incurred. This means voluntary office holders are in a similar position to volunteers in the treatment of their private expenses paid or reimbursed by the organisation. However, this treatment is concessionary and the measure creates a statutory tax exemption.

From 6 April 2020
The new measure 'Income Tax and the treatment of expenses for voluntary office holders' ensures that reasonable out-of-pocket private expenses paid or reimbursed to voluntary office holders and which are linked to the duties of the office remain tax exempt. This recognises the role of voluntary office holders, ensures that the tax treatment of their private expenses continues to be comparable to those of volunteers, and provides certainty by placing the treatment on a statutory footing.

The payments will also not be subject to National Insurance contributions (NICs). A Class 1 NICs disregard will be introduced through regulations after Royal Assent to Finance Bill 2019-20.

Back to ***Contents***

Approved professional organisations and learned societies (list 3)

31 July 2019

HMRC has updated the list of professional bodies and learned societies (also known as List 3) with tax-deductible fees.

For some professional organisations, members can claim tax relief on fees or subscriptions.

List 3 shows all organisations whose members qualify for a tax deduction on professional fees and subscriptions pertaining to that organisation.

The list is updated periodically and includes all bodies approved by the commissioners for HMRC.

During July the following were added to the list:

- British Veterinary Dental Association (BVDA), with effect from 6 April 2019
- International Information System Security Certification Consortium Inc. (ISC) 2, with effect from 6 April 2019
- COSCA (Counselling & Physiotherapy in Scotland), with effect from 6 April 2019
- European Society for Paediatric Infectious Diseases (ESPID), with effect from 6 April 2018

The following have been changed:

- 'National Association of School Business Management (NASBM)' to 'Institute of School Business Leadership (ISBL)
- 'Society of Business Economists' (Listed as 'Business Economists Society of' to 'Society of Professional Economists (SPE)'
- 'United Kingdom Reading Association' (Listed as 'UK Reading Association') to 'United Kingdom Literacy Association (UKLA)'
- 'Hospital Infection Society (HIS)' to 'Healthcare Infection Society (HIS)'

Professional organisations can apply for approval for tax relief using form P356.

Back to ***Contents***

Gift cards as incentives are highly appealing to workforce

16 October 2019

HR Review reports that the majority of the 1,253 workers who took part in a survey conducted by One4all Rewards, a benefits provider, were very receptive to the idea of an employer who provides gift cards or cash bonuses frequently as forms of incentive. They were so allured by the idea of these benefits that they would be inclined to apply for a job with a company that offered these inducements.

The exact figure was 61% of respondents who would appreciate benefits of this nature, as opposed to 56% who would be interested in working for a company that provided non-cash related perks. 65% stated that gift cards or additional funds would prompt them and motivate them to work harder.

The study also highlighted how employees welcome positive feedback and that by simply acknowledging and 'thanking' staff, companies can dramatically improve retention levels. It also, not surprisingly, improves relations at work and to neglect expressing gratitude to employees can demotivate them, with 48% of the people surveyed admitting that a lack of appreciation from their employer could make them want to leave their job.

Back to ***Contents***

PAYE: Business expenses – allowable or not?

10 October 2019

HMRC are hosting a webinar on Friday 11 October 2019 to provide support surrounding which expenses are acceptable to claim and which are not, in relation to self-employed individuals.

The webinar aims to highlight what business expenses are, cover the most frequently used expenses to show what is and isn't acceptable and to assist with accurate completion of tax return figures.

There will be the opportunity to ask any questions using the on-screen text box.

Click here to enrol on the webinar.

CIPP Payroll training courses

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

Approved professional organisations and learned societies (list 3)

1 November 2019

HMRC has updated the list of professional bodies and learned societies (also known as List 3) with tax-deductible fees.

For some professional organisations, members can claim tax relief on fees or subscriptions.

List 3 shows all organisations whose members qualify for a tax deduction on professional fees and subscriptions pertaining to that organisation.

The list is updated periodically and includes all bodies approved by the commissioners for HMRC. The last update was on 28 October 2019.

There have been five additions to the list:

- British Association of Sport Rehabilitators and Trainers (BASRaT), with effect from 6 April 2019
- Society of Later Life Advisers (SOLLA), with effect from 6 April 2019
- The Pyramus and Thisbe Club (PTC), with effect from 6 April 2019
- The Security Institute (SI), with effect from 6 April 2019
- Vantage 10 Panel of Mediators and Experts (V10PME), with effect from 6 April 2019

These two amendments have been made:

- 'Art Historians Association of' to 'Association for Art History'
- 'Security Industry Authority (relief is due S343 ITEPA 2003 for the fee payable for a licence which lasts 3 years – relief is due in full for the year the fee is paid)' to 'Security Industry Authority (relief is due under s343 ITEPA 2003 for the fee payable for licences that last 1 year and 3 years – relief is due in full for the year the 3 year licence fee is paid)'.

Professional organisations can apply for approval for tax relief using form P356.

Back to ***Contents***

Expenses and benefits – trivial benefits: Webinar from HMRC

1 November 2019

HMRC is running a webinar surrounding the complexities of trivial benefits and whether or not they need to be reported.

The session is scheduled at 11:00 on Monday 4 November and aims to cover a range of topics, such as defining what a trivial benefit is and what employers are responsible and not responsible for reporting, to assist businesses in the correct procedures surrounding trivial benefits.

The Gov.UK website also offers further useful information surrounding benefits – both trivial and on benefits and expenses in general.

CIPP Payroll training courses

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

HMRC webinar on expenses and benefits – employee travel

11 November 2019

HMRC is running a webinar which provides guidance on payments made to employees in relation to travel and subsistence, to ensure the correct treatment in terms of tax and National Insurance (NI).

The webinar will take place on Monday 11 November from 14:00-15:00 and you can enrol on it here. There will be the opportunity to raise questions by using the on-screen text box.

This webinar is specifically for employers and addresses the tax treatment of:

- Travel and subsistence payments to employees
- Mileage payments for employees using their own vehicle

There's a separate webinar for employees who have company cars or vans.

Back to ***Contents***

HMRC webinar on expenses & benefits for employers – employees with multiple workplaces

18 November 2019

HMRC is running a webinar on 19 November at 10AM which gives an overview of the correct treatment of employee expenses in situations where staff may have more than one workplace. The webinar will run for an hour.

It will examine how to proceed when employees travel to temporary workplaces and will also look at other types of workplace staff may have to visit. In addition to this, there is discussion of geographical locations and the 24 month and 40% rules that may be applied to expenses. The course will then cover the implications on tax and National Insurance (NI).

The webinar can be accessed here.

Back to ***Contents***

Research suggests that married UK employees receive more benefits than single staff members

18 November 2019

Thomsons Online Benefits, a global benefits management and employee engagement software company, has conducted a survey relating to benefits and the impact that somebody's relationship status can have on what they receive.

The research drew findings from 250 HR decision-makers representing 567,680 employees, plus additional input from an extra 2,000 people employed in businesses with more than 250 staff. It found that a staggering 63% of companies offer additional benefits to staff members who are married or in a civil partnership. The extra value of these benefits can sometimes amount to figures that extend into the thousands.

The benefits that may be offered include additional paid time off for weddings and honeymoons, with employers offering an average of 5.4 extra days to accommodate these events. 17% of businesses would also present gifts to their staff to celebrate such occasions, with values averaging £77 per gift. Many companies also grant higher contribution levels to health and dental plans to married employees than to their single counterparts.

Married staff members who have children may be entitled to receive further increased benefits. These benefits include family healthcare and dental plans, with organisations 75% and 42% (respectively) more likely to offer family plans to married employees for healthcare and dental plans than to single or co-habiting individuals.

It is not just workplace benefits that are affected by an employee's marital status – there is greater scope for married employees to adopt flexible working plans than for single members of staff. 53% of businesses grant flexible working patterns to married staff, whilst only 37% offer the same to single employees.

The Consulting Director of Thomson Online Benefits, Jack Curzon said "It's great that employers are supporting families and giving people paid time off to enjoy an important life event – but this treatment needs to be extended to all."

Back to ***Contents***

Employees would sacrifice their Christmas party in return for more regular rewards throughout the year

22 November 2019

With the festive period rapidly approaching, a survey has highlighted that ongoing benefits are more attractive than one-off perks that are offered to staff around this time of year.

1,400 employees and senior decision-makers from the UK, USA and Australia have taken part in a study conducted by Reward Gateway, which has revealed that staff would find rewards that are offered consistently throughout the year preferential to receiving a Christmas bonus or having a Christmas party. 65% of respondents also noted that their employers could have more understanding of what they would find beneficial during the holiday period, and 76% of HR members and business leaders confessed that they recognize this and that they could be assisting staff in more helpful ways over Christmas.

The figures show that percentages do vary based on the age bracket of the employee and that 58% of recent graduates would sacrifice a Christmas bonus if offered the option of more frequent rewards offered throughout the duration of the year. This dropped considerably to 42% for respondents aged between 45 and 54. Overall, over half of staff confirmed that they would forego the Christmas party if it meant that they could have access to ongoing rewards, recognition and savings.

It is an undeniable fact that most people are under additional financial pressure during the run up to, and over the Christmas period. 65% of HR managers acknowledge these higher levels of stress but only 40% of their organisations offer guidance and support in this field. This is potentially an area that needs to be addressed by businesses in an attempt to maintain employee financial and therefore, mental, health over the festive period.

Robert Hicks, Group HR director at Reward Gateway said

"Today, employees are challenging their employers to look at their benefits as well as reward and recognition programs more closely, getting them to understand that what has worked traditionally may not work for today's modern workforce.

What's interesting from the findings is that employee preference is changing, and that managers agree – companies could be doing more to better engage their workforces. Organizations that prioritize listening to their people and delivering continuous rewards and recognition can create an environment where employees are more engaged and excited about where they work all year, not just during the holidays."

CIPP comment

To ensure that, if you provide your employees with benefits, you are treating them in the correct way, you should enrol on the CIPP's P11D, expenses and benefits day-long training course. It will provide you with invaluable information surrounding the tax and NI treatment of various benefits and expenses and equip you with the correct tools to ensure that you are proceeding in line with legislation. The next course is being held on 8 January 2020 in London.

Similarly, if your organisation intends to, or currently does, payroll benefits, there is a one-day training course that provides guidance on processing Benefits in Kind (BIK) through payroll. This is an increasingly popular method of providing and administering benefits and the next course is being held in Bristol on 18 December 2019.

Back to ***Contents***

Approved professional organisations and learned societies (list 3)

4 December 2019

HMRC has updated the list of professional bodies and learned societies (also known as List 3) with tax-deductible fees.

For some professional organisations, members can claim tax relief on fees or subscriptions.

List 3 shows all organisations whose members qualify for a tax deduction on professional fees and subscriptions pertaining to that organisation.

The list is updated periodically and includes all bodies approved by the commissioners for HMRC.

HMRC usually lists the names of any additions, deletions and amendments but on this occasion, has only advised the number of changes that have been made - there has been four additions, three amendments and one deletion. Professional organisations can apply for approval for tax relief using form P356.

Back to ***Contents***

Trivial Benefits in Kind

16 December 2019

In light of the fact that many employers choose to present their staff with various gifts and benefits over the festive period, the most recent Employer Bulletin provided some useful information relating to Trivial Benefits.

The guidance was aimed to ensure that employers treat benefits correctly in terms of the application of tax and National Insurance (NI) and whether they need to notify HMRC about a benefit or not. A benefit can be classed as a Trivial Benefit when all the rules below apply:

- The cost of the benefit does not exceed £50
- The benefit is not in the form of cash or a voucher redeemable for cash
- The benefit is not provided as part of salary sacrifice arrangements or any other contractual obligation
- The benefit is not provided in recognition of services
-

Contractual obligation

The Bulletin offered tips around the area of contractual obligation and advised businesses that any of the following may be viewed as contractual in the eyes of the law:

- A side letter to the main contract document
- A staff handbook
- A letter of appointment
- A redundancy agreement
- An employer union agreement
- Any legitimate expectation

There is a precautionary note that a 'legitimate expectation' may be in place where there is no explicit contractual obligation. The example used is that of a company that provides its staff with a cream cake every Friday. Even though this benefit isn't confirmed in a contract of employment, it has become a legitimate expectation and staff will expect to receive their cream cake on a weekly basis.

Benefit should not exceed £50

There is also advice around the treatment of a benefit when it is offered via the platform of an app which gives the employee access to products at a discounted rate or to services which the employee is then responsible for paying for themselves. The benefit that the employer is offering is access to that app and not to the services it offers, e.g. hailing a taxi. If the cost of providing the app exceeds £50 then this cannot be classed as a Trivial Benefit.

If , on the other hand, the company is paying for services provided to a staff member, so if they pay for medical advice at £49 per session, for example, once the employee has more than one session of medical advice, the benefit will cease to be classed as a Trivial Benefit as the total is above the £50 threshold.

To revisit the example of using an app for hailing a taxi, if a business provides an employee with access to an app and also pays for any personal trips (exclusive of any taken for business purposes) then the cost of the trips combined with the cost of providing the app would need to be used to establish whether the benefit can be classed as trivial or not.

Recognition of services
The final pointer given addresses the issue of providing rewards for services. If a benefit is provided in recognition of something that an employee is contractually obliged to do, this would not satisfy the Trivial Benefit rules. The scenario provided is where an employer rewards staff by buying them lunch to ensure that they work through their lunch break. As they are undertaking work that they would ordinarily do as part of their contract and receiving a benefit for it, this would not be classed as a Trivial Benefit.

Back to ***Contents***

Approved professional organisations and learned societies (list 3)

3 January 2020

HMRC has updated the list of professional bodies and learned societies (also known as List 3) with tax-deductible fees.

For some professional organisations, members can claim tax relief on fees or subscriptions.

List 3 shows all organisations whose members qualify for a tax deduction on professional fees and subscriptions pertaining to that organisation.

The list is updated periodically and includes all bodies approved by the commissioners for HMRC.

HMRC has confirmed that there has been one deletion, and that the Energy Institute has been removed from List 3.

Professional organisations can apply for approval for tax relief using form P356.

> ***CIPP comment***
>
> *The CIPP appears on list three, which means that any self-funding members can claim tax relief on their membership fees. The CIPP is listed under 'P' under the title 'Payroll Professionals Chartered Institute of (new title from 10 November 2010 formerly Institute of Payroll Professionals)'.*

Back to ***Contents***

The CIPP's payrolling of benefits factsheet is available

10 January 2020

The CIPP intends to build on the content currently included in its Resource Library to give its members the most up to date and concise information to assist payroll professionals in their day to day roles.

We understand that the lives of payroll practitioners are extremely busy so we wanted to produce documents that provide key information relating to crucial areas of payroll, that can be printed off and digested in a small amount of time.

A new factsheet including key points relating to the processing of benefits through payroll, as opposed to via P11D at the end of a tax year, has been published online and can be accessed here:

https://www.cipp.org.uk/resourceLibrary/policy-factsheet-payrolling-benefits-v1-200109-pdf.html

The information included relates to:

- What payrolling of benefits is
- Key facts
- Advantages of payrolling benefits
- What can / can't be payrolled
- Calculation of payrolling benefits
- Informally payrolling benefits
- Key dates

Back to ***Contents***

480: A tax guide is now available on GOV.UK in HTML format which signals the end of it being published in PDF

10 January 2020

HMRC's 480: A tax guide, which shows HMRC's approach to the taxation of expenses and benefits in kind for directors and employees is now being published in HTML format on the Gov.UK website, and no longer being provided in PDF form.

The comprehensive guide provides guidance that spans the range of benefits in kind (BIKs) which includes the taxation of company cars and vans, mobile phones and company provided living accommodation. There are also sections surrounding expenses such as travelling and subsistence expenses, expenses for employees completing overseas work and relocation expenses.

Information regarding completion of P11Ds and end of year procedures to be followed by both employer and employee is also included.

It is important to ensure that you retain any previously printed editions of the booklet, should you need to present them in audits to demonstrate why you have processed pay elements in certain ways or why you have followed certain procedures. Whoever has responsibility for maintaining evidence should continue to print relevant guidance from the online pages so as to ensure that evidence of reasoning and decision making can be presented if needed.

CIPP comment

The policy team value receiving the views and experiences from payroll professionals as they relate to guidance, and recent use of GOV.UK is of particular interest to us. Please contact Samantha Mann, Senior policy and research officer with your views via policy@cipp.org.uk.

Back to ***Contents***

Approved professional organisations and learned societies (list 3)

24 January 2020

HMRC has updated the list of professional bodies and learned societies (also known as List 3) with tax-deductible fees.

For some professional organisations, members can claim tax relief on fees or subscriptions.

List 3 shows all organisations whose members qualify for a tax deduction on professional fees and subscriptions pertaining to that organisation.

The list is updated periodically and includes all bodies approved by the commissioners for HMRC.

HMRC has confirmed that there has been eight additions, four amendments and one deletion to list three.

Additions (from 6 April 2019)

Executive and Personal Assistants Association (EPAA)
British Society of Abortion Care Providers (BSACP)
European Society of Cardiology (ESC)
Medical Image Computing and Computer Assisted Intervention Society (MICCAI)
Register of Animal Musculoskeletal Practitioners (RAMP)
Orthodontic Technicians Association UK (OTA)
Association of Proposal Management Professionals (APMP)

(from 7 January 2020)

Faculty of Clinical Informatics (FCI)

Amendments

'Corrosion Science and Technology Institute of' to 'Institute of Corrosion'
'Agricultural Management Institute of' to 'Institute of Agricultural Management'
'Information Security Professionals, Institute of' to 'Chartered Institute of Information Security'
'British Institute of Facilities Management' to 'Institute of Workplace and Facilities Management'

Deletion

Farm Management Association

Professional organisations can apply for approval for tax relief using form P356.

CIPP comment

The CIPP appears on list three, which means that any self-funding members can claim tax relief on their membership fees. The CIPP is listed under 'P' under the title 'Payroll Professionals Chartered Institute of (new title from 10 November 2010 formerly Institute of Payroll Professionals)'.

Back to ***Contents***

HMRC offers new webinars to help employers with the complex area of expenses and benefits

4 February 2020

As part of its education programme, HMRC is offering new webinars that are designed to help both new and more experienced employers with the topic of expenses and benefits, which can sometimes be complicated in nature.

There will be the opportunity to ask any questions using the on-screen text box, as with the majority of other HMRC-run webinars.

Expenses and benefits – company cars, vans and fuel:

This webinar will run on Wednesday 5 February from 10 am – 11 am and will provide details surrounding the records that need to be kept for employees with a company car, van or fuel for private purposes. There will be additional advice demonstrating how to use the online calculator to establish the amount to report either for payrolling or via the P11D. The first section of the webinar will be dedicated to company cars, whilst the second part will look at company vans.

Expenses and benefits – employee travel:

This webinar is due to take place on Thursday 6 February from 10 am – 11 am and discusses reimbursing employees for travel on behalf of their employer. This includes travel and subsistence payments to employees, mileage payments for staff utilising their personal vehicle for work purposes and the tax and National Insurance treatment of these expenses.

Back to ***Contents***

CWG5: guide to benefits and expenses to report on form P11D or substitute form for employers 2020-21 published

21 February 2020

The CWG5 guide has been updated for tax year 2020-21 to reflect the introduction of reporting Class 1A National Insurance Contributions (NICs) through Real Time Information (RTI) on Termination Payments and Sporting Testimonial Payments, in certain circumstances.

It is strongly advised that employers read this guidance if they:

- are an employer who provides benefits and pay expenses to employees
- provide benefits to the employees of another employer or payroll
- from April 2020, are an employer who pays termination payments to employees
- from April 2020 are a Sporting Testimonial committee who is organising a testimonial for a sportsman
-

For employers who are already familiar with this guidance, chapters nine and ten will be of most interest as they discuss the new processes for reporting Class 1A NICs on Termination Awards and Sporting Testimonials.
This is applicable to Termination Awards over a £30,000 threshold that have not already been subject to Class 1 NIC deductions. There are some useful examples to help to illustrate how Class 1A NI contributions would be calculated in these scenarios with consistent reminders that they need to be paid and reported in real time and not via the P11D(b) process. Termination awards on which Class 1A NI contributions are due need to be reported separately from amounts classed as earnings which would be subject to Class 1 NI contributions, so from 6 April 2020 onwards, the real time Full Payment Submission (FPS) will have separate data items for reporting each of these Class 1 and Class 1A liabilities.

The new rules also apply to non-contractual and non-customary testimonials arranged by third parties where testimonial payments exceed a £100,00 threshold. HMRC has already predicted that most sporting testimonials will remain unaffected by the new rules as the proceeds raised for sportspeople rarely breach the £100,000 threshold. The sportsperson can still make tax and NI free charitable donations from their sporting testimonial payments in events where the committee make the charitable donations through payroll giving provisions. Again, there are working examples to further aid understanding of how the new rules will work.

Back to ***Contents***

Approved professional organisations and learned societies (list 3)

25 March 2020

HMRC has updated the list of professional bodies and learned societies (also known as List 3) with tax-deductible fees.

For some professional organisations, members can claim tax relief on fees or subscriptions.

List 3 shows all organisations whose members qualify for a tax deduction on professional fees and subscriptions pertaining to that organisation.

The list is updated periodically and includes all bodies approved by the commissioners for HMRC.

HMRC has confirmed that there has been one addition to the list, as follows:

Additions (with effect from 6 April 2019)

The Society for British and International Design

Professional organisations can apply for approval for tax relief using form P356.

> ***CIPP comment***
>
> *The CIPP appears on list 3, which means that any self-funding members can claim tax relief on their membership fees. The CIPP is listed under 'P' under the title 'Payroll Professionals Chartered Institute of (new title from 10 November 2010 formerly Institute of Payroll Professionals)'.*

Back to ***Contents***

HMRC publishes guidance on which expenses are taxable for employees working from home due to COVID-19

28 March 2020

HMRC has published guidance that discusses which equipment, services or supplies are taxable if employees are working from home due to the outbreak of coronavirus.

Employers can be affected by this if any of their employees are working from home due to COVID-19, either because:

- The employer's workplace is closed
- The employee(s) is following advice to self-isolate

Employees who have been reclassified as furloughed workers will not be affected and will be eligible for the Coronavirus Job Retention Scheme.

Reference is made to the following equipment, services and supplies within the guidance:

- Mobile phones and SIM cards provided by the employer with no restriction on private use, and limited to one per employee, are non-taxable
- If an employee already pays for broadband, then no additional expenses can be claimed but where this is required to work from home and was not already available, the employer can reimburse the employee for the broadband fee, and this would be non-taxable. The broadband is provided for business purposes in this instance, so any private use should be limited
- Laptops, tablets, computers, and office supplies that are used primarily for business purposes and not significant private use are non-taxable

- If an employer reimburse expenses for office equipment that an employee has purchased, this is taxable and should be reported on employer PAYE Settlement Agreements
- For any additional expenses, such as electricity, heating or broadband, a payment or reimbursement to employees up to £4 a week (increasing to £6 per week from 6 April 2020) can be made and is non-taxable. If the claim is above that amount, the employee will need to check with the employer that they will still make the payments and keep any relevant receipts
- A salary advance or a loan to help employees in times of hardship counts as an employment-related loan. Loans provided below the value of £10,000 in a tax year are non-taxable
- For employees who need to self-isolate, but cannot do so in their own home, employers can reimburse hotel expenses and subsistence costs, but these are taxable
- For employees utilising their own vehicle for business, employers can pay approved mileage allowance payments of 45p per mile up to 10,000 miles, free of tax and National Insurance (NI) contributions. It is 25p per mile beyond the 10,000-mile point. If employers do not pay mileage allowance, employees can claim tax relief through their Personal Tax Account

The information provided states that for items which are taxable, exemptions for work related benefits must show that there is no significant private use. HMRC accepts that where:

- Employer policies about private use clearly state to employees and set out the circumstances in which private use may be made – this can include making the conditions clear in employment contracts or requesting that employees sign a statement acknowledging company policy on what is allowed
- Where an employer decides not to recover the costs of private use it can be a commercial decision, rather than a reward to employees

Significant private use is not based on the time spent on different uses, but on the employee's duties and the requirement for them to have the equipment or services provided so they can do their job.

There is no need to keep detailed records of every instance of private use to prove a claim for exemption.

Any taxable expenses or benefits relating to coronavirus can be reported on employer PAYE Settlement Agreements, so that they can settle tax and NI contributions on expenses or benefits, even though the responsibility would usually be on the employee, or both employer and employee. This is only applicable to coronavirus related items, and the example provided states that a new desk can go onto the PAYE Settlement Agreement, but a new sofa can't. For employers payrolling benefits in kind, they can continue to report expenses and benefits via payroll and may also continue to report expenses and benefits through P11D returns.

There is no requirement to report non-taxable expenses or benefits to HMRC.

Back to ***Contents***

Government News

CIPP Budget 2018 summary

29 October 2018

Also available in PDF format - CIPP Budget 2018 summary

Introduction

In the last Budget before we exit the EU, the Chancellor Philip Hammond appeared to relish the delivery of his 2018 Budget speech, so much so that he took an hour and a quarter to deliver it and even found space for a little toilet humour - which earned him the biggest groan of the entire Budget statement.

His task this year is not an enviable task as the 'deal or no deal' debate continues with many questions unanswered. Admitting to being at a pivotal moment in their Brexit negotiations, the government is confident but not complacent and *is "preparing for every eventuality".*

We were assured that this is a Budget for Britain's future, a Budget that paves the way for a brighter future; a Budget for hard working families, for the strivers, the grafters and the carers; and that government would minimise the amount of tax it has to take from their wages.

Which brings us neatly to the Conservative's promise of a £12,500 Personal Allowance and £50,000 Higher Rate Threshold by 2020. We are to see this come to fruition a year earlier than previously announced, from April 2019, and with expectation high that this manifesto promise could be broken this year, this announcement came as a pleasant surprise at the end of the lengthy Budget narration.

The National Living Wage and National Minimum Wage rate increases recommended by the Low Pay Commission have been accepted in full and the Chancellor acknowledged the importance of updating the LPC remit for monitoring the National Living Wage once it achieves the '60% of median earnings' target by 2020.

A further package of measures was announced to tackle tax avoidance and evasion and, as has been widely speculated over recent weeks, the off-payroll reforms that were rolled out to the public sector last year will be extended to medium and large engagers in the private sector from 2020.

Smaller firms taking on apprentices will see their contribution halved to 5% by the government. The Employment Allowance is to be restricted so that only SMEs will benefit. A new UK digital services tax is to be introduced from 2020 and add to that the proposal that there is to be a new tax introduced on plastic packaging and it is fair to say that a number of changes face us all in the coming years.

Measures were confirmed and announced to help with the cost of living including fuel duties being frozen for the ninth consecutive year. Beer, cider and spirit duties are also to be frozen for one year.

"Universal Credit is here to stay" announced the Chancellor, but government recognises the concerns that have been raised so is providing additional measures to aid the transition worth 1 billion pounds over the next five years.
The economic forecast from the Office for Budget Responsibility (OBR) was positive; with wages growing at the fastest pace in almost a decade we are assured of sustained real wage growth in each of the next five years. The OBR also confirmed significant improvement in our public finances with national debt having peaked in 2016-17. This means a new path for public spending: *"Fiscal Phil says Fiscal Rules OK"* – we are not making that up, he really did say that.

Every chancellor likes to have a rabbit or two in his hat when it comes to revealing their Budget but some of *"his bunnies"* have escaped early – referring to 'leaks' to the media that financial support is to be given to fix the nations' potholes, increase broadband coverage, help social care, defence and the ailing high street.
On a crescendo finish, *"We have reached a defining moment…the era of austerity is finally coming to an end…but discipline will remain".*

The word "budget" derives from the term "bougette" – a wallet in which either documents or money could be kept. As the Budget document published today runs to 106 pages together with the associated publications and consultation responses I think we can all agree that the 2018 "bougette" needs to be pretty hefty in size to hold it all.

As you can expect with a Budget announcement, the devil is in the detail and the CIPP policy team will continue to bring you further news over the coming days. In the meantime, please read on for our summary of the key announcements.

Tax rates and thresholds

Income tax

The Conservative Party's manifesto included a commitment to set the Personal Allowance for tax-free income at £12,500 and the Higher Rate Threshold (HRT), when higher earners start to pay 40% tax, at £50,000 by 2020.

However, following positive forecasts from the OBR, the Chancellor announced that these figures will come into force a year earlier than originally intended and will now take effect for the 2019-20 tax year and remain in force for the 2020-21 tax year. This means that a typical basic rate taxpayer will pay £1,205 less tax in 2019-20 than in 2010-11.
From April 2021, both the Personal Allowance and HRT would return to annual increases that are in line with CPI inflation (as currently legislated for).

Documents published alongside the Budget Statement confirmed other allowances for the 2019-20 tax year; the Marriage Allowance (also known as the Transferable Tax Allowance) will increase to £1,250, the Married Couple's Allowance will increase to a maximum of £8,915 (minimum £3,450) and the Blind Person's Allowance will increase to £2,450.

These changes apply to non-savings, non-dividend income in England, Wales and Northern Ireland, and to savings and dividend income in the UK. UK income tax rates remain unchanged.

Devolved income tax

The Scottish Government is responsible for setting the income tax rates and thresholds that apply to Scottish taxpayers. Wednesday 12 December is the date that has been set for the 2018 Scottish Budget.

The Welsh Government is responsible for setting Welsh Income Tax rates from April 2019, for the first time. These are based on the UK rates: 10p in the pound is removed from each UK rate and the relevant Welsh rate is added. The Welsh Government has announced its intention to set Welsh rates at 10p in the pound for the 2019-20 tax year, so that the net effect for Welsh taxpayers is that they are subject to the same basic, higher and additional rates as taxpayers in England and Northern Ireland. Confirmation is expected in December.

Company cars, vans and fuel

The Budget Statement confirmed that figures for the company car fuel benefit charge and the van fuel benefit charge will increase in line with RPI and the van benefit charge will increase in line with CPI.

Documents published alongside the Budget Statement confirm that the multiplier for the car fuel benefit charge will increase to £24,100 (from £23,400), the flat-rate van fuel benefit charge will increase to £655 (from £633) and the flat-rate van benefit charge will increase to £3,430 (from £3,350).
The van benefit charge for zero-emission goods vehicles increases from 40% to 60% of the standard charge from April 2019, as previously announced.

The diesel supplement for the Company Car Tax appropriate percentage remains at 4%, subject to a maximum appropriate percentage of 37%. Cars that meet the Euro 6d standard (also known as Real Driving Emissions Step 2, RDE2) are exempt.

Apprentices

Transferring levy funds

Confirmation was given of the announcement made at the Conservative Party conference last month that from April 2019 levy-paying employers will be able to transfer up to 25% of their funds to pay for apprenticeship training in their supply chains.

Contribution to funding costs halved for non-levy paying employers

The co-investment rate for smaller businesses taking on apprentices will halve from 10% to 5%. It is expected that the change to a 5% contribution will only apply to new starters from April 2019. But it is not yet known if this reduced contribution will also apply to levy-paying employers when their levy pot is empty.

Employer-designed apprenticeship standards

The government will also provide up to £5 million to the Institute for Apprenticeships and National Apprenticeship Service in 2019-20, to identify gaps in the training provider market and increase the number of employer-designed apprenticeship standards available to employers. All new apprentices will start on these new, higher-quality courses from September 2020.

CIPP comment
With the number of new apprentices falling far below the numbers hoped for when introducing the apprenticeship levy, these changes are welcome. However, we understand that the government intends to consult with businesses about further changes to the levy from 2020, following the slow take up and employer criticisms.

Improvements to the PAYE special arrangements

Following the consultation held during the Summer on the tax and administrative treatment of Short Term Business Visitors (STBV) from overseas branches of UK headquartered companies the government has made two proposals, in response:

- The UK workday rule will be increased from 30 days or less to 60 days or less. The result being to open up the PAYE special arrangement to a greater number of STBVs from branches and reduce the need for employers to monitor or restrict business travel when STBVs approach the 30 workday limit.
- The existing PAYE reporting and payment deadlines of 19 April and 22 April will be changed to 31 May to allow employers more time to gather relevant information about their STBVs to operate PAYE accurately. It was clear that these deadlines are too restrictive to businesses and are making it difficult for them to comply with their obligations.

The aim being to reduce administrative burden on UK employers with effect from April 2020. The government has published a summary of responses to the consultation.

CIPP comment
The slight extension to the reporting and payment deadlines is welcome but sadly doesn't go far enough in achieving a reduction to the administrative burden caused in gathering all data to report in a timely manner.

National Insurance contributions

Limits and thresholds
National Insurance contribution limits and thresholds for 2019-20 were published in associated documents. The weekly Lower Earnings Limit (LEL) increases to £118 (from £116) and the weekly primary and secondary thresholds (PT, ST) increase to £166 (from £162). The Upper Earnings Limit (UEL), Upper Secondary Threshold (UST) for under 21s and Apprentice Upper Secondary Threshold (AUST) for under 25s increase to £962 a week (from £892).
NICs rates remain unchanged.

Employment Allowance
The Employment Allowance is an annual amount that is currently available to all businesses and charities (with some exclusions) to offset against their Class 1 secondary NICs bill. It remains at £3,000 for 2019-20.
It was introduced in April 2014 to support employers to grow and hire new staff. However, it is a flat rate regardless of the size of the employer and is therefore less likely to be an incentive for larger employers. Therefore, the government has decided to target this allowance at smaller businesses.
From April 2020, the Employment Allowance will be restricted to organisations with a NICs bill below £100,000 in the previous tax year.

Draft National Insurance contributions Bill
The draft National Insurance contributions Bill contained measures to abolish Class 2 NICs – as previously announced, this change will not happen take place following concerns raised that they would have an adverse impact on the lowest self-employed individuals.
Other proposals in the draft Bill will go ahead from April 2020: the introduction of employer NICs on termination payments and on income from sporting testimonials.

National Minimum Wage and National Living Wage

The Low Pay Commission (LPC) recommendations were accepted in full, together with the acknowledgement that the LPC will need a new remit when it comes to monitoring the National Living Wage going forward following the fulfilment of the current remit of monitoring the delivery of achieving a National Living Wage rate of 60% of median earnings by April 2020. The NLW is on target to achieve this and based on current forecasts the LPC estimates that the NLW will reach this target at a rate of £8.62 in 2020.

The LPC's rate recommendations comprised:

	Current	From April 2019	Increase
NLW	£7.83	£8.21	4.9%
21-24 rate	£7.38	£7.70	4.3%
18-20 rate	£5.90	£6.15	4.2%
16-17 rate	£4.20	£4.35	3.6%
Apprentice rate	£3.70	£3.90	5.4%
Accommodation offset	£7.00	£7.55	7.9%

The LPC 2018 Report, containing the underpinning analysis and evidence used to make these recommendations, will be published on 27 November. In previous years it has been published on the same day as the rates were announced, but the early Budget means that this has not been possible this year.

Off-payroll working in the private sector

From April 2020 the government will extend reforms to the off-payroll working rules (known as IR35) in the private sector. This follows consultation held earlier this year following the roll-out of reform in the public sector. Responsibility for operating the off-payroll working rules will move from individuals to the organisation, agency or other third party engaging the worker.

Small organisations will be exempt, minimising administrative burdens for the smallest engagers. HMRC intend to work with stakeholders through the delivery of another consultation in a bid to provide support and guidance to medium and large organisations ahead of implementation.

The government has decided that for services provided to small businesses, the responsibility for determining employment status and paying the appropriate tax and NICs will remain with Personal Services Companies. Small businesses will not need to consider the employment status or deduct employment taxes from the fees of people they engage in this way. This will address concerns about small businesses' capacity to implement the proposed reform, whilst ensuring that businesses which are best placed to determine whether the rules apply take responsibility for doing so. The government intends to use similar criteria to define small businesses as is found in the Companies Act 2006. As a result, over 95% of businesses will not need to apply the reform.

Concerns were raised during consultation that businesses may use blanket decisions for the employment status of groups of workers in similar roles without recourse, should those decisions be incorrect. The government plans to explore options available for ensuring that, where this occurs, there are consequences to businesses for failure to use reasonable care in their decision making.

HMRC is looking at where the CEST (Check Employment Status for Tax) tool, along with wider guidance, might be improved, both as part of normal good practice and to ensure it reflects the needs of the larger and more diverse private sector. HMRC plans to work with stakeholders to better understand the concerns about CEST raised in response to this consultation; these included saying more about mutuality of obligation, how to treat multiple contracts and clarifying the language used in places.

Government has published a summary of responses to the consultation on off-payroll working in the private sector.

Parental bereavement leave and pay

Confirmation that the government will introduce a new statutory entitlement to two weeks' of leave for employees who suffer the death of a child under 18, or a stillbirth after 24 weeks of pregnancy. Employed parents will also be able to claim pay for this period, subject to meeting eligibility criteria.
This entitlement will come into force in April 2020.

Pensions and Savings

Lifetime Allowance

The Budget Statement confirms that the Lifetime Allowance for pension savings will rise to £1,055,000 for 2019-20, in line with CPI inflation.

Starting rate for savings

The band of savings income that is subject to the 0% starting rate will be kept at its current level of £5,000 for 2019-20.

Individual Savings Account (ISA) annual subscription limits

The adult ISA annual subscription limit for 2019-20 will remain unchanged at £20,000. The annual subscription limit for Junior ISAs for 2019-20 will be uprated in line with CPI to £4,368.

Child Trust Funds

The government will publish a consultation in 2019 on draft regulations for maturing Child Trust Fund accounts. The annual subscription limit for Child Trust Funds for 2019-20 will be uprated in line with CPI to £4,368.

Improving NS&I's offer to customers

NS&I will allow people other than parents and grandparents to gift Premium Bonds to a child. This, alongside a lower minimum investment of just £25 and the launch of a new app, will make saving with NS&I easier than ever.

Pension Dashboards

The government is taking steps to support the launch of Pensions Dashboards, innovative tools that will for the first time allow an individual to see their pension pots, including their State Pension, in one place.
The Budget confirmed that the DWP will consult later this year on the detailed design for Pensions Dashboards, and on how an industry-led approach could harness innovation while protecting consumers. DWP will work closely with the pensions industry and financial technology firms.

Boosting pensions for the self-employed

This winter, DWP will publish a paper setting out the government's approach to increasing pension participation and savings persistency among the self-employed. This follows the 2017 review of automatic enrolment and will focus on expanding evidence through a programme of targeted interventions and partnerships.

Tax avoidance and evasion

The government remains committed to tackling tax avoidance and evasion, aggressive tax planning and non-compliance. Since 2010 the government has secured and protected over £185 billion of tax that would otherwise have gone unpaid and introduced over 100 measures to crack down further on avoidance, evasion, aggressive tax planning and unfair outcomes. New measures announced in this budget include:

Preventing abuse of R&D tax relief for small and medium-sized enterprises (SMEs)

To help prevent abuse of the payable credit, from 1 April 2020, the amount of payable R&D tax credit that a qualifying loss-making company can receive in any tax year will be restricted to three times the company's total PAYE and NICs liability for that year. This will ensure the relief is robust against identified abuse, including fraud, following the prevention by HMRC of fraudulent claims worth £300 million. The government will consult on this change.

Protecting your taxes in insolvency

From 6 April 2020, when a business enters insolvency, more of the taxes paid in good faith by its employees and customers, and temporarily held in trust by the business, will go to fund public services rather than being distributed to other creditors. This reform will only apply to taxes collected and held by businesses on behalf of other taxpayers (VAT, PAYE Income Tax, employee NICs, and Construction Industry Scheme deductions).

Tax abuse and insolvency

Following Royal Assent of Finance Bill 2019-20, directors and other persons involved in tax avoidance, evasion or phoenixism will be jointly and severally liable for company tax liabilities, where there is a risk that the company may deliberately enter insolvency.

Conditionality: hidden economy

Following the consultation 'Tackling the hidden economy: public sector licensing' published in December 2017, the government will consider legislating at Finance Bill 2019-20 to introduce a tax registration check linked to licence renewal processes for some public sector licences. Applicants would need to provide proof they are correctly registered for tax in order to be granted licences. This would make it more difficult to operate in the hidden economy, helping to level the playing field for compliant businesses.

International tax enforcement: disclosable arrangements

The government is enacting new legislation to allow the introduction of international disclosure rules about offshore structures that could avoid tax, or could be misused to evade tax.

Offshore tax compliance strategy

The government will publish an updated offshore tax compliance strategy. This will build on the substantial progress the UK has made in tackling offshore tax evasion and non-compliance since the government's previous strategy was published in 2014.

Other areas of interest

Assistance for small businesses

Management capability
The Productivity Leadership Group has shown that business-led approaches to improving productivity work. Building on work with Be the Business and the emerging findings of the Industrial Strategy Business Productivity Review, to support management capability so that businesses can raise their productivity, the government will:

- create a Small Business Leadership Programme, delivered in partnership with business schools and leading businesses across England. 2,000 places will be delivered in 2019-20, with an ambition to train 10,000 people per year by 2025
- invest up to £25 million to boost business productivity through the Knowledge Transfer Partnerships scheme, placing over 200 additional graduates and academics with relevant skills into firms to translate their research insights into business growth
- invest £20 million in 2019-20 to support local peer-to-peer networks focused on business improvement so that thousands of business leaders can share expertise on leadership, business development and technology adoption

Digital tools for business
The government will work in partnership with large banks, professional services firms and technology companies to support the productivity of their small business customers. The government also aims to improve the customer experience for businesses accessing online government information and services.

Backing entrepreneurs
In a bid to maintain the UK's reputation as one of the best places in the world to start and grow a business, the government will extend the funding of the British Business Bank's Start-Up Loans Programme to 2021 so it can continue to provide loans and mentoring to entrepreneurs. The British Business Bank, which started operating in 2014, is the government's UK-wide economic development bank. It makes finance markets for smaller businesses work more effectively, allowing those businesses to prosper, grow and build UK economic activity.

SME access to dispute resolution and redress

The government welcomes the Financial Conduct Authority's plans to expand access to the Financial Ombudsman Service (FOS) to small and medium-sized enterprises (SMEs) with a turnover of up to £6.5 million, along with its consultation on increasing the FOS award limit to £350,000.

Universal Credit

Work Allowance increase
The amount that households with children, and people with disabilities, can earn before their Universal Credit award begins to be withdrawn, known as the Work Allowance, will be increased by £1,000 from April 2019.

Transitioning onto Universal Credit
Building on the Autumn Budget 2017 announcement that Housing Benefit claimants will receive an additional payment providing a fortnight's worth of support during their transition to Universal Credit, the government will extend this provision to cover the income-related elements of Jobseeker's Allowance and Employment and Support Allowance, and Income Support. This will be effective from July 2020.

CIPP comment
With Universal Credit dominating most news bulletins over the past few weeks, it is unsurprising that this Budget contained several measures to address the criticisms levelled at the government, only two of which are included in this report. With employer RTI submissions central to the operation of Universal Credit we will watch with interest if further changes arise over the coming months.

VAT registration threshold
The Chancellor said that he had been exploring ways to address "the cliff edge effect of VAT registration" but that EU law limits the options open. As a consequence the VAT threshold will be maintained at the current level of £85,000 for a further two years until April 2022. The government will look again at the possibility of introducing a smoothing mechanism once the terms of EU exit are clear

Digital services tax (DST)
From April 2020, the government will introduce a new 2% tax on the revenues of certain digital businesses to ensure that the amount of tax paid in the UK is reflective of the value they derive from their UK users. The tax will:

- apply to revenues generated from the provision of the following business activities - search engines, social media platforms and online marketplaces
- apply to revenues from those activities that are linked to the participation of UK users, subject to a £25 million per annum allowance
- only apply to groups that generate global revenues from in-scope business activities in excess of £500 million per annum

The government remains committed to G20 and OECD discussions on potential future reforms to the international corporate tax framework and will only apply the DST until an appropriate long-term solution is in place. The government will consult on the detailed design of the DST and legislate in Finance Bill 2019-20.

Stamp Duty Land Tax (SDLT) and first-time buyers relief
The government will extend first-time buyers relief in England and Northern Ireland so that all qualifying shared ownership property purchasers can benefit, whether or not the purchaser elects to pay SDLT on the market value of the property. This change will apply to relevant transactions with an effective date on or after 29 October 2018, and will also be backdated to 22 November 2017 so that those eligible who have not previously claimed first-time buyers relief will be able to amend their return to claim a refund.

Devolution
Certain key economic policies are devolved, and the UK government has committed to continuing to work closely with the devolved administrations to deliver the maximum benefit for everyone across the UK
Spending decisions taken by the UK government in the Budget result in Barnett consequentials for the devolved administrations to deliver their devolved responsibilities:

- the Scottish Government's budget will increase by over £950 million through to 2020-21 before adjustments for tax devolution

- the Welsh Government's budget will increase by over £550 million through to 2020-21 before adjustments for tax devolution. This includes over £25 million as a result of a 5% uplift in Barnett consequentials agreed as part of the Welsh Government's fiscal framework
- the budget for a Northern Ireland Executive will increase by over £320 million through to 2020-21.

26-30 railcard

A new 26-30 railcard will be introduced by the end of 2018, offering a one-third discount (subject to a minimum £12 fare in the morning peak) to around 4.4 million 26 to 30 year olds in England, Scotland and Wales.

Making it easier to claim compensation

The Budget confirms a more streamlined process for compensating passengers affected by rail delays. A one-click delay repay system will be introduced as a requirement for future rail franchises and will be available to those passengers with advance purchase and season tickets.

Blocking scams and nuisance phone calls

As part of the government's efforts to tackle nuisance calls, National Trading Standards will receive further funding to extend their project providing telephone call blocking technology to vulnerable people.

Banning pensions cold calling

Cold calling is one of the most common methods used to initiate pension fraud. To help protect people from fraudsters, the government is publishing a response to its consultation alongside the Budget and will shortly be implementing legislation to make pensions cold calling illegal.

Back to ***Contents***

Spring Statement 2019

14 March 2019

As anticipated, there were no surprises for payroll, pensions or reward in today's short Spring Statement and many of the commitments that the Chancellor did announce hang in the balance as we wait to find out if the threat of a no-deal Brexit can be removed tonight.

Minimum wage, apprenticeships and the Employment Allowance all featured in the Statement (summarised below).

"The most urgent task is to lift the current uncertainty" Philip Hammond stated in his introduction – the majority of the UK would certainly agree, if only that were mirrored in the House of Commons. The Chancellor also said *"we [Government] are confident we are going to do a deal"*. We shall leave speculation on that one to the masses.

What the Spring Statement is meant to be is the Government's response to the economic forecast from the Office for Budget Responsibility (OBR). However in the words of the IFS ahead of the Statement today, *"…there could be tricky fiscal arithmetic for the Chancellor as he considers how best to respond to uncertainty around Brexit and how much money to make available to departments at this year's spending review."*

If an EU exit deal is agreed, then the Government has stated that it will hold a Spending Review which will conclude alongside the Budget later this year. This will set departmental budgets, including three year budgets for resource spending.

Employment…

…continues to break records:

- since 2010 there are over 3.5 million more people in work, and the OBR forecast that employment will increase by a further 600,000 by 2023
- the unemployment rate of 4.0% is the lowest rate since 1975. The OBR forecast that it will remain near historic lows over the next five years
- wages are increasing at their fastest pace in over a decade, and are forecast to continue growing faster than inflation, which means more money in people's pockets
- since 2010 there are a million fewer workless households and every region and nation of the UK has higher employment and lower unemployment

This makes for a busy payroll profession – ensuring that people are paid accurately and on time.

Minimum wage

Listening in, the Policy team thought it unlikely that there would any announcements of relevance to the payroll profession but then we heard that a new review is to take place on the employment and productivity effects of minimum wage rates in the UK, starting with a roundtable next month to be chaired by the Chancellor himself. For anyone wondering, yes of course the CIPP is going to try and get a seat around that particular table. We will keep readers posted on that one but in the meantime what will the various reviews entail?

The aspiration for the National Living Wage is for it to reach 60% of median earnings by 2020 and the government has published a new remit for the Low Pay Commission (LPC) which asks it to make recommendations for the National Living Wage rate and National Minimum Wage rates that should apply from April 2020. The LPC report is to be submitted by October 2019.

To inform future National Living Wage policy after 2020, the Government has appointed Professor Arindajit Dube to undertake a review of the latest international evidence on minimum wages. The terms of reference for the review have been made available.

The LPC's remit post 2020 will be confirmed by Budget 2019.

Employment Allowance

As announced at Budget 2018, from April 2020 the Employment Allowance will be restricted to organisations with a National Insurance contributions (NICs) bill below £100,000 in the previous tax year. Draft regulations have been published inviting technical comments on the implementation of the reform.

Apprenticeships
In Budget 2018 the Chancellor announced measures would be introduced aimed at encouraging more businesses to employ an apprentice. In his Spring Statement he confirmed that the co-investment rate for smaller businesses taking on apprentices will halve from 10% to 5% and takes effect from 1 April 2019. What is still not clear is whether the 5% contribution will only apply to new starters from April 2019 or whether this reduced contribution will also apply to levy-paying employers when their levy pot is empty.

This measure is in addition to the increase to the amount levy-paying employers are able to transfer to other employers, including those in their supply chains, which will increase from 10% to 25% from April 2019.

Tax avoidance, evasion & non-compliance
Since 2010 the government has secured and protected over £200 billion of tax that would otherwise have gone unpaid, introduced over 100 measures to reduce avoidance, evasion and other forms of noncompliance, and continued to support taxpayers to get their tax right. The Government has published a policy paper setting out its approach and achievements in tackling tax avoidance, evasion and other forms of non-compliance.

Details of other announcements can be found in the Spring Statement 2019: Written Ministerial Statement and the Spring Statement 2019: What you need to know.

Back to ***Contents***

CIPP Budget 2020 Summary

12 March 2020

The CIPP Policy team has produced a summary of the key items that will impact on payroll, pensions and general business activity from the Chancellor's Budget 2020.

The Chancellor provided further guidance surrounding the payment of Statutory Sick Pay for individuals solely affected by Covid-19 and in instances where they are advised to self-isolate. We already knew that SSP would be payable from day one of absence, and the Budget confirmed that, for employers with 250 or less staff, the government would refund their SSP bill for a maximum period of two weeks.

The Chancellor also announced that Employment Allowance would increase from £3,000 to £4,000 for eligible employers, there would be a National Insurance holiday for companies employing veterans, and that the tapered annual allowance would increase by a substantial £90,000.

The Budget document can be found here, and summarises the points that will be of most interest to those within the payroll profession.

Back to ***Contents***

The CIPP's Budget webcast now available

20 March 2020

The CIPP's Budget webcast is now available online and provides an overview of the key details for payroll professionals to familiarise themselves with, for the new tax year and beyond.

Since Rishi Suank's delivery of the Budget, there have been some significant changes, and so the webcast has been adjusted to incorporate any relevant updates, to ensure that our members are kept as up to date as possible.

Tune in now to hear discussion of the government's contingency plans for tackling the outbreak of COVID-19, and the relevant support on offer for both businesses and individuals, the surprise announcement relating to the delay to controversial IR35 reforms, last minute amendments to the Employment Allowance and much, much more….. Whoever said payroll was boring?!

The webcast runs for a duration of just half an hour, and provides the fundamental information for payrollers to equip themselves with for the tax year ahead, and any legislative updates that have been announced.

Listen to the CIPP's Budget webcast here.

Back to ***Contents***

EU Exit - Brexit

EU Settlement Scheme process for EU citizens post Brexit

3 October 2018

If EU citizens want to stay in the UK beyond 31 December 2020, they and their close family members will need to apply to the EU Settlement Scheme.

Although there is no legal obligation for employers to communicate the EU Settlement Scheme to their employees, you may wish to signpost the information that the Government is providing.

It is also important for employers to know what the EU Settlement Scheme means for you:

- You have a duty not to discriminate against EU citizens in light of the UK's decision to leave the EU as both a prospective and current employer.
- Current 'right to work' checks (e.g. EU passport and/or national ID card) apply until the end of 2020. There will be no change to the rights and status of EU citizens living in the UK until 2021.
- You are not expected to pay/support the cost of the EU Settlement Scheme application for your EU citizen employees. You are welcome to do so at your discretion.
- You do not have to interpret information provided by the Government and you must be careful not to provide immigration advice.

The Scheme is being phased in and will gradually open more widely until it is fully open by the end of March 2019.

Employers, industry groups and community groups in the UK will be able to give EU citizens practical advice on how to apply for settled status with the help of a toolkit published by the Home Office. This guidance is being updated as and when required.

You can also sign up, and/or encourage your employees to sign up, for email alerts on the status of EU citizens in the UK and encourage employees to visit the campaign page to learn more about their EU citizens rights.

Back to ***Contents***

Partnership pack: preparing for a 'no deal' Brexit

25 October 2018

HMRC has published a partnership pack which is designed to support businesses preparing for day one if we leave the EU without a deal.

You can use this pack for your own contingency planning and if relevant to also help your customers, members and clients:

- To think about how they will need to adapt their business to comply with new systems, processes and controls
- To assess the impact of the increased demand for customs declarations on their business
- To consider whether they need to recruit and train additional staff
- To stay up-to-date with these changes (register for HMRC's EU Exit update service).

The Partnership pack provides key stakeholders and intermediaries working with businesses with a high-level guide to customs processes and procedures that are likely to apply in a 'no deal' scenario.

For 2 years, the government has been implementing a significant programme of work to ensure the UK will be ready from day one in all scenarios, including a potential 'no deal' outcome in March 2019.

HMRC has said that it has always been the case that as we get nearer to March 2019, preparations for a 'no deal' scenario would have to be accelerated. *"Such an acceleration does not reflect an increased likelihood of a 'no deal' outcome. Rather, it is about ensuring our plans are in place in the unlikely scenario that they need to be relied on."*

All the information in the partnership pack is broken down into different sections relevant to each user group, where you can find:

- the sections that everyone needs to read
- resources to help your communications with customers, clients and members
- sections that are relevant to your industry or type of business.

The partnership pack is also available to read as a single pdf document.

HMRC has stated that more detailed guidance will be provided later in the autumn, including specific actions that traders and other stakeholders will need to take to prepare.

Back to ***Contents***

EU Settlement Scheme update

10 December 2018

The Secretary of State for Exiting the European Union has set out information for EU citizens and their family members in the UK in the event of a no deal exit from the EU.

Although there is no legal obligation for employers to communicate the EU Settlement Scheme to their employees, you may wish to signpost the information that the Government is providing.

The UK Government:

- Confirms that if there is no deal, the EU Settlement Scheme will continue to be implemented, enabling EU citizens and their family members living in the UK by 29 March 2019 to secure their status and continue to be able to work, study, and access benefits and services in the UK on the same basis after we exit the EU as they do now. The scheme will be fully open by 30 March 2019 as planned.

- Confirms that the Home Office will continue to look to grant status rather than refuse and in line with the UK commitment to be more generous in certain respects than the draft Withdrawal Agreement, a person will not be refused status under the EU Settlement Scheme because, for example, they are not economically active or they do not hold comprehensive sickness insurance.

There would be some changes to the EU Settlement Scheme if the UK leaves the EU without a deal, and further details are set out in the policy document. In particular, as there will be no agreed implementation period, the application deadline will be brought forward to 31 December 2020.

No action needs to be taken for now. The EU Settlement Scheme will be fully open by 30 March 2019.

Further information about the scheme can be found on GOV.UK - Settled and pre-settled status for EU citizens and their families.

Back to ***Contents***

EU Exit update from HMRC

11 December 2018

HMRC has published its latest letter on GOV.UK to help businesses that trade with the EU get ready to deal with customs in the unlikely event that the UK leaves the EU without a deal on 29 March 2019.

The update includes a version for businesses based in England, Scotland and Wales, and a separate version for businesses based in Northern Ireland.

Businesses that only trade in the EU and are registered with HMRC for VAT purposes will receive a copy of the letter through the post in the coming days.

The letter asks these businesses to take three actions now:

- register for a UK Economic Operator Registration and Identification (EORI) number
- decide whether they will use a customs agent to make import and/or export declarations or will make the declarations themselves using specialist software
- contact the organisation that moves their goods (for example, a haulage firm) to find out if they will need to supply additional information to complete safety and security declarations, or whether they will need to submit these declarations themselves.

The letter also directs businesses to GOV.UK where businesses can find further information to help them get ready.

You can read guidance on how to prepare if the UK leaves the EU with no deal.

Businesses can keep up-to-date with these changes by registering for HMRC's EU Exit update service.

HMRC will write to these businesses again to let them know what further actions they will need to take and when.

HMRC has also opened the grant scheme to help support training and IT improvements for customs intermediaries and traders that complete customs declarations. Further information on these grants, including details of how these businesses can apply, is available on GOV.UK.

Back to ***Contents***

EU Exit - Cross Government Partnership Pack - 3rd Edition

4 January 2018

With just over three months until the UK's planned exit from the EU, the cross government partnership pack has been updated in preparation for every eventuality, including a no deal scenario.

Delivering the deal negotiated with the EU remains the Government's top priority. This has not changed, however it has reached the point where it needs to accelerate and intensify these preparations.

As a reminder, the primary audience is businesses that currently only trade with the EU who will have to carry out a number of processes that they have not had to before. This builds on the previous version of the pack, published in November.

This partnership pack includes information from, and directs people to, five online guides, which provide the information on the steps UK businesses trading with EU need to take now in order to plan for a no deal scenario:

- Guide 1 - Get a UK EORI number to trade within the EU
- Guide 2 - Exporting and importing goods if the UK leaves the EU with no deal
- Guide 3 - Declaring your goods at customs if the UK leaves the EU with no deal
- Guide 4 - Customs procedures if the UK leaves the EU with no deal
- Guide 5 - Moving goods to and from the EU through roll on roll off locations including Eurotunnel.

Back to ***Contents***

Preparing for a 'no deal' Brexit

26 November 2018

The Partnership pack: preparing for a 'no deal' Brexit which was published last month to help businesses plan for the possibility of a 'no deal' EU Exit, has been updated.

Several sections of the pack have been updated, and new sections have been added about what to expect on day one of a 'no deal' EU exit for people travelling to the EU with a UK passport and people travelling with pets.

You can use this pack for your own contingency planning and if relevant to also help your customers, members and clients:

- To think about how they will need to adapt their business to comply with new systems, processes and controls
- To assess the impact of the increased demand for customs declarations on their business
- To consider whether they need to recruit and train additional staff
- To stay up-to-date with these changes (register for HMRC's EU Exit update service).

The Partnership pack provides key stakeholders and intermediaries working with businesses with a high-level guide to customs processes and procedures that are likely to apply in a 'no deal' scenario.

For 2 years, the government has been implementing a significant programme of work to ensure the UK will be ready from day one in all scenarios, including a potential 'no deal' outcome in March 2019.

HMRC has said that it has always been the case that as we get nearer to March 2019, preparations for a 'no deal' scenario would have to be accelerated. *"Such an acceleration does not reflect an increased likelihood of a 'no deal' outcome. Rather, it is about ensuring our plans are in place in the unlikely scenario that they need to be relied on."*

All the information in the partnership pack is broken down into different sections relevant to each user group, where you can find:

- the sections that everyone needs to read
- resources to help your communications with customers, clients and members
- sections that are relevant to your industry or type of business.

The partnership pack is also available to read as a single pdf document (second edition).

Future editions of this pack will include additional information around policies that will impact trade at the border.

Back to ***Contents***

Employers choosing to reimburse their staff for the cost of the EU Settled Status scheme

17 January 2019

From 30 March 2019 European Union (EU) citizens and their family will be able to apply to get either settled or pre-settled status.

Where an employer pays or reimburses their employees' application, such a payment will be taxable as employment income as the payment is of direct monetary value to the employee.

However employers can also choose to meet the cost of this tax charge for their employees. For many employers this can be managed using their existing arrangements with HMRC, using a PAYE Settlement Agreement (PSA) which allows employers to make one annual payment to cover all the tax and National Insurance due on minor, irregular or impracticable expenses or benefits for their staff.

For further information on PSAs go to GOV.UK.

This information was highlighted in the December 2018 issue of HMRC's Employer Bulletin.

21 January 2019 – BBC announcement
Theresa May has scrapped the £65 fee millions of EU citizens were going to have to pay to secure the right to continue living in the UK after Brexit.

Back to ***Contents***

Reimbursing staff for the cost of the EU Settled Status scheme

28 January 2019

In the December Employer Bulletin the process for any employers choosing to reimburse the £65 fee for settled status was highlighted. Payment of this fee has since been rescinded by government.

On 21 January 2019 – Theresa May announced that the £65 fee would be scrapped for those millions of EU citizens who were going to have to pay to secure the right to continue living in the UK after Brexit. This announcement followed the defeat of the Prime Minister's withdrawal agreement in the House of Commons.

Back to ***Contents***

Data Protection and Brexit - Is your organisation prepared?

29 January 2019

Businesses and charities need to continue to comply with data protection law after 29 March if the UK leaves the EU without a deal.

If your organisation shares personal data with organisations in the European Economic Area (EEA), you will need to take steps to ensure you continue to comply with data protection laws if the UK leaves the EU without a deal. For UK businesses that only share data within the UK, there will be no change.

Personal data refers to any information that can be used to identify a living individual, including a customer's name, their physical or IP address, or HR functions such as staff working hours and payroll details.

The UK does not intend to impose additional requirements on transfers of personal data from the UK to the EEA, therefore, organisations will be able to send personal data to organisations in the EEA as they do currently.

However, transfers of personal data from the EEA to the UK will become restricted once the UK has left the EU.

Therefore, if your organisation receives personal data from organisations in the EU you should consider, with your EEA partners, what changes you may need to make to ensure that personal data can continue to flow after the exit date.

These changes will affect organisations both large and small. To help your organisation take the right action now use the Information Commissioner's Office's (ICO) guidance and follow its 6 steps checklist.

Further information

- 7 questions to get guidance relevant to your business when the UK leaves the EU
- ICO Guidance and resources for organisations after Brexit
- General Data Protection Regulation (GDPR) guidance

Back to ***Contents***

Government outlines no deal arrangements for EU citizens

31 January 2019

In the event of no deal, EU citizens will be able to enter the UK to visit, work or study after 29 March 2019. For stays longer than 3 months, European Temporary Leave to Remain will be required.

The Home Office and the UK Visas and Immigration have set out provisions for EU citizens coming to the UK after EU exit in the event of a no deal.

If Britain leaves the EU without agreeing a deal, the government will seek to end free movement as soon as possible and has introduced an Immigration Bill to achieve this. For a transitional period only, EEA citizens and their family members, including Swiss citizens, will still be able to come to the UK for visits, work or study and they will be able to enter the UK as they do now.

However, to stay longer than 3 months they will need to apply for permission and receive European Temporary Leave to Remain, which is valid for a further 3 years.

EU citizens wishing to stay for longer than 3 years will need to make a further application under the new future skills-based immigration system, which will begin from 2021.

Home Secretary Sajid Javid said that this policy does not apply to those that are already here in the UK before exit day, whose rights to live and work will be protected by the EU Settlement Scheme. He said, "*We want them to stay and value them hugely*".

The information provided also confirms that if there is no deal:

- EU citizens arriving in the UK who wish to stay longer than 3 months and apply for European Temporary Leave to Remain will be subject to identity, criminality and security checks before being granted permission to stay for three years
- non-EU family members who wish to accompany an EU citizen under these arrangements will need to apply in advance for a family permit
- EU citizens will be able to enter and leave the UK as they do now, using e-gates when travelling on a biometric passport
- the initial 3 months' leave to enter for EU citizens will be free of charge but applications for European Temporary Leave to Remain will be paid for. Fees will be set out at a later date
- Irish citizens will not need to apply for European Temporary Leave to Remain and will continue to have the right to enter and live in the UK under the Common Travel Area

New future skills-based immigration system
The Home Secretary has set out plans for a new future skills-based immigration system which will operate from 2021. It will enable employers to attract the skills they need from around the world, while ensuring net migration is reduced to sustainable levels.

The government published a White Paper in December 2018 making it clear that freedom of movement will end on 31 December 2020 and setting out key provisions for 2021 and beyond, which will apply whether the UK leaves Europe with or without a deal.

The White Paper takes into account the recommendations made in a September 2018 report on the 'impact of EEA migration in the UK' by the Migration Advisory Committee.

Proposals in the White Paper include:

- Introducing a single, uncapped route which gives access to highly skilled and skilled workers from all countries.
- Such workers will need an employer to sponsor them, but employers will no longer be required to carry out a resident labour market test as a condition of sponsoring a worker.
- The aim will be for the sponsorship system to be straightforward and light touch as possible, and to process the great majority of work visas within two to three weeks.
- The government will engage businesses and employers as to what salary threshold for skilled labour but they refer to the recommendations made by the Migration Advisory report of retaining the minimum salary threshold at £30,000
- There will be no separate scheme for unskilled labour but a transitional arrangement will be put in place allowing for 12-month visas for workers from specified countries for which there will be no specific sponsorship requirement but also no right to access public funds or bring dependents.

Back to ***Contents***

EU settlement scheme update

8 February 2019

The latest information on the EU Settlement Scheme for EU citizens in the UK has been published.

Although there is no legal obligation for employers to communicate the EU Settlement Scheme to their employees, you may wish to signpost the information that the Government is providing.

The Home Office has been testing the EU Settlement Scheme application process through a series of pilots before it launches fully by 30 March 2019. Feedback from applicants on the application process has been positive and the exercise has helpfully identified areas for improvement and clarification.

By 14 January 2019, 27,211 decisions had been made and issued as part of the second test phase, with no applications refused. You can read more about how the testing has gone so far on GOV.UK.

A new phase of testing began on 21 January which applies to EU citizens living in the UK who have a valid passport and to their non-EU citizen family members who have a valid biometric residence card. Making an application at this time is entirely voluntary so there is no need to do anything yet.

There are some differences with the current test phase compared to when the scheme is fully launched. In this phase, the app which checks an individual's identity document is being tested. However, when the scheme is fully live at the end of March, use of the app will be optional and people will be able to send their identity document in the post or get their passport checked in over 50 locations.

The scheme will be fully live by 30 March 2019, and under the draft Withdrawal Agreement applicants will have until 30 June 2021 to apply. Any laptop or mobile device can be used to make an application.

On 21 January 2019 the Prime Minister announced that there will be no fee when the scheme opens fully on 30 March 2019. Anyone who has applied already, or who applies and pays a fee during the test phases, will have their fee refunded. Applicants should make payment using the card they want to be refunded on. Further details of the refunds process will be published shortly.

The Home Office will continue to publish updates on the latest developments concerning the scheme and will provide detailed information on how to apply when the EU Settlement Scheme is fully live.

Back to ***Contents***

Latest guidance to businesses about the UK leaving the EU

12 February 2019

HMRC's latest letter to UK businesses that trade with the EU, sets out a number of important actions they need to take and changes to be aware of in the event of the UK leaving the EU without a deal.

The letter asks businesses to take a number of actions to prepare for no deal. These include:

- registering for a EORI number at Get a UK EORI number to trade within the EU
- deciding if they want to hire an agent to make import and/or export declarations for them or if they want to make declarations themselves using relevant software
- registering for Transitional Simplified Procedures (TSP), which is a new process to make importing easier than it otherwise would be for the initial period after the UK leaves the EU, should there be no deal – registration opens from 7 February on GOV.UK.

There are also important updates on the way businesses trading with the EU pay import VAT and use EU VAT IT systems if we leave with no deal.

The full letter is available to read at Letters on 'no deal' Brexit advice for businesses only trading with the EU.

These changes do not apply to trade across the Northern Ireland-Ireland land border. HMRC will set out information about the arrangements for trading with Ireland as soon as it can.

New guidance
New guides have also been published which provide further information explaining what these changes mean for UK businesses that trade with the EU. These guides can be found on GOV.UK on:

- Customs procedures
- Moving goods to and from the UK
- VAT IT systems rules and processes

New 'Prepare your business for the UK leaving the EU' tool
A new tool has also been published - 'Prepare your business for the UK leaving the EU'. This is to help UK businesses find out:

- what they need to do to prepare for the UK leaving the EU
- what's changing in their industry
- information on specific rules and regulations.

All you need to do is answer 7 simple questions to get guidance relevant to your business and sector. You can access the tool at Prepare your business for the UK leaving the EU.

Back to ***Contents***

HMRC Information on EU Exit

12 March 2019

HMRC has shared its latest information to help businesses prepare for the UK leaving the EU.

Letter to Rest of World traders
A letter has been published on GOV.UK which has been sent to 135,000 UK traders that currently trade outside of the EU and will be impacted by changes that will occur on EU Exit. The letter outlines changes to customs procedures and VAT for UK-EU trade that will happen in the event the UK leaves the EU without a deal.

HMRC recommend that even traders that don't trade with the EU should read the letter carefully and act now where instructed. Even though UK customs processes for trade with the rest of the world will not change, traders may need to adapt their systems and processes.

How you can help the UK traders that use your services prepare for the UK exiting the EU
In addition to this letter, HMRC has written three times to the 145,000 VAT-registered UK traders that currently only trade with the EU setting out actions they should take and the guidance and support available on GOV.UK to inform their EU Exit preparations.

HMRC will issue a further letter to UK traders that trade with the EU only shortly. HMRC is also working closely with stakeholder and representative bodies and using a wide range of other communication channels to help these audiences in their EU Exit preparations.

There are resources available to support these traders in the 'Communications Resources' section of HMRC's EU Exit Partnership Pack. The page includes:

- Step-by-step guides for UK importers and exporters setting out the key actions they need to take to prepare their business.
- Details of the latest guidance on key areas, such as how to successfully complete customs declarations and how to move goods to the EU through roll on roll off ports.
- Links to the technical notices published in August last year.

- Copies of the latest letters issued to UK traders to inform their EU Exit preparations.
- Information about the further guidance and support available.

GOV.UK includes a dedicated 'Prepare your business for the UK leaving the EU' tool that ask businesses seven questions about the nature of the trade they carry out before presenting the relevant guidance to inform their preparations.

Keep up to date
If you haven't already done so, you can sign up for the latest EU Exit news as it happens. Register for HMRC's email update service at www.GOV.uk/hmrc/business-support, select 'business help and education emails', then 'EU Exit'.

Back to ***Contents***

Be prepared for a 'no deal' Brexit

13 March 2019

HMRC is urging business owners to prepare now for a no-deal Brexit, highlighting three steps they should take to ensure their businesses can continue to trade with the EU.

Firstly they need to register for an Economic Operator and Registration Identification (EORI) number, which HMRC says only 17% of businesses have so far done.

Then, businesses need to consider how they want to make customs declarations – which usually means using a customs agent.

For businesses that import goods into the UK from the EU using roll on roll off locations, they can take a third step and register for new Transitional Simplified Procedures (TSP). TSP will allow businesses to import without having to make a full customs declaration at the border and postpone paying any import duties. For imports using other locations, and for exports, standard customs declarations will apply.

Financial Secretary to the Treasury Mel Stride MP said:

"We want businesses to be able to continue trading with minimal disruption in any scenario…Step by step advice can be accessed via GOV.UK – the help is there, we just need business owners to take action."

Back to ***Contents***

EU Settlement Scheme for EU citizens living in the UK

15 March 2019

The latest information on the EU Settlement Scheme for EU citizens living in the UK has been made available.

Although there is no legal obligation for employers to communicate the EU Settlement Scheme to their employees, you may wish to signpost the information that the Government is providing.

The full opening of the EU Settlement Scheme will go ahead on 30 March 2019. Applications will be free, as announced by the Prime Minister on 21 January 2019.

Refunds
People who have paid an application fee during the test phases will receive a refund after 30 March 2019.
If you are due a refund you do not need to do anything. The fee will automatically be refunded to the card that was used to pay it. An email will be sent to the contact address provided in the application, confirming when the refund has been processed.

150,000 applications so far

Ahead of the full opening of the Scheme, the application process has been going through testing and some final changes have been made. By the end of February 2019, the Home Office had received more than 150,000 applications during the test phases. In the latest public test phase, 75% of applicants whose case had been decided received their decision within three days and 80% of those who provided feedback found the online application easy to complete.

To apply to the EU Settlement Scheme, applicants will only need to prove their identity, demonstrate their UK residence, and declare any criminal convictions. Regardless of whether the UK leaves the EU with or without a deal, EU citizens will have until at least 31 December 2020 to apply.

Different ways to apply
EU citizens applying to the Scheme from 30 March 2019, will be able to send their passport or other identity documents by post if they do not wish to or cannot use the EU Exit ID Document Check App.

Face to face help is available at identity scanner locations where applicants can be helped to use the app, and via an Assisted Digital network for people who would like more support.

From 9 April 2019, EU citizens and certain family members will be able to apply to the Scheme from outside the UK, free of charge and based on their previous residence in the UK, without needing to travel here to make an online application.

Resident citizens of Iceland, Liechtenstein, Norway and Switzerland and their family members will also be able to apply to the Scheme.

Updates will continue on the latest developments concerning the Scheme, including detailed information on how to apply once the Scheme is fully live.

More information is available here.

Back to ***Contents***

Brexit guidance from Acas

4 April 2019

While there continues to be uncertainty around Brexit, Acas has provided some general guidance to help employers and employees become familiar with what is currently known and actions that can be taken ahead of exiting the EU.

Acas guidance includes:

- Changes to legislation
- Working in the UK
- Talking about how Brexit affects workers
- Appeals against employment tribunal and court decisions

Further information includes links to:

- No-deal Brexit guidance
- Legislation covering the UK exit from the EU
- Employers - right to work in the UK
- 'Settled status' scheme

Information about the EU exit - Acas guidance for employers and employees

Back to ***Contents***

EU Settlement Scheme now fully open

9 April 2019

The EU Settlement Scheme is now officially open. If you're an EU, EEA or Swiss citizen living in the UK, you and your family will need to apply to the EU Settlement Scheme to protect the rights you currently have in the UK.

Although there is no legal obligation for employers to communicate the EU Settlement Scheme to their employees, you may wish to signpost the information that the Government is providing.

The EU Settlement Scheme was launched on Saturday 30 March following both private and public testing of the application process which began in August 2018.

EU citizens applying to the scheme only need to complete three key steps – prove their identity, show that they live in the UK, and declare any criminal convictions. Applicants can use any laptop, tablet or mobile device to apply.
For those who want to apply entirely online, a custom identity document check app has been developed to allow applicants to verify their identity remotely and swiftly.

While the app is currently available on Android devices, the Home Secretary has confirmed it will also be available on Apple devices later this year.

The app is just one of several ways people will be able to verify their identity, including by post. There will also be over 50 locations where applicants can have their passport scanned and verified. Assisted digital support and a dedicated telephone advice and support service are also available.

To ensure the scheme is a success, the Home Office has boosted EU Settlement Scheme staff numbers to over 1,500, developed an entirely new case working system and created a new resolution centre to resolve telephone, email and online queries.
Deal or no deal, EU citizens will have until at least 31 December 2020 to apply.

Apply to the EU Settlement Scheme (settled and pre-settled status)

Back to ***Contents***

Employer Bulletin: EU Exit edition

5 April 2019

HMRC has produced an EU Exit edition of the Employer Bulletin provide important information on a range of issues that you need to be aware of should the UK leave the EU without a deal.

One of the areas highlighted is that if you have employees that work in the EU, the European Economic Area or Switzerland, there are actions you need to take around social security contributions. The bulletin includes new guidance on what you need to do to prepare.

Guidance on changes for UK self-employed workers working in the EU, the EEA or Switzerland in a no deal situation has also been published - see also working with tax agent's blog.

The Employer Bulletin: EU Exit edition also includes information on:

- Preparing your business for EU Exit
- Access to benefits if the UK leaves the EU without a deal
- Customs Training and IT Grants scheme
- EU Settlement Scheme
- Does your business use chemicals?

HMRC's regular Employer Bulletin is due to be published on 10 April.

Back to ***Contents***

Protecting and enhancing worker rights after the UK leaves the EU

20 March 2019

Following the Government's commitment to the largest upgrade to worker rights in a generation in the Matthew Taylor Review (Good Work Plan), new measures are being introduced which will protect worker rights after the UK leaves the EU.

This document 'Protecting and enhancing worker rights after the UK withdrawal from the European Union' sets out draft legislation regarding worker rights after the UK Withdrawal from the EU.

Geographical extent *– the legislation will apply to England Wales and Scotland*

The Government has stated that it is absolutely committed to protecting and enhancing the protections workers enjoy and that fulfilling the result of the referendum and leaving the EU will not come at the expense of workers' rights.

In order to protect common UK-EU workers' rights provided for in EU law, which have been transposed into UK law, the Government will legislate such that where a Bill could affect employment or workplace health and safety standards, a Minister of the Crown in charge of that Bill must, before its Second Reading:

a) Make a Statement of Compatibility of the Bill with the commitment to nonregression; and
b) Provide explanatory information to Parliament in support of the statement.

The UK already exceeds EU standards in many aspects of workers' rights, and in that context, the Government believes that after the UK's withdrawal from the EU it should be for Parliament to determine what rules are most appropriate, rather than automatically accepting EU changes.

However, the Government also believes that Parliament should have the opportunity to consider any future changes to EU law after the Implementation Period which strengthen employment or workplace health and safety standards. For this reason, the draft clauses also provide for a process to enable Parliament to consider whether the UK should align with EU employment and health and safety rules on a case-by-case basis.

The Government believes that the approach set out in these draft clauses will provide a robust framework for the maintenance and strengthening of employment and health and safety standards as we leave the EU.

Back to ***Contents***

Scotland calls for more talks following EU Exit delay

12 April 2019

First Minister Nicola Sturgeon has written to the Prime Minister following the extension of Article 50 calling for ongoing talks over EU exit to include the devolved administrations, and for any deal agreed by the UK Parliament to be put to a second referendum.

The First Minister reiterated that people in Scotland voted overwhelmingly to remain in the EU but have been ignored by the UK Government throughout the Brexit process, and said that must now change. She stressed that it is essential that this additional time provided by the extension until the end of October 2019, is used constructively and is not wasted. In her letter to Teresa May she wrote:

"Notwithstanding the clear remain result in Scotland, the Scottish Government has sought to engage meaningfully on the terms of the UK's departure from the EU and has called consistently for genuine efforts to reach consensus across party lines and with the devolved administrations. However, it is still not clear that even at this late stage and following the repeated defeat of your proposals that you are willing to drop your red lines which have restricted what can be achieved in the future relationship.

Your ongoing talks with the Leader of the Opposition should now broaden to include other parties, the devolved administrations, business and civic society, and open up the range of options on the table in an effort to reach a genuine consensus.

If such talks are to stand any chance of success you must be prepared to recognise in particular that it is essential for Scotland, at the very least, to stay inside the Single Market and continue to benefit from freedom of movement.

Further, and more fundamentally, the Scottish Government considers that any deal agreed by the UK Parliament should be put to another referendum, with the alternative proposition on the ballot paper being to remain in the EU.

The extension to 31 October provides enough time to do this, and it is essential that no time is lost in making the necessary preparations."

The full text of the letter can be read here.

The letter was also copied to the First Minister of Wales, Mark Drakeford.

Back to ***Contents***

Employing EU, EEA and Swiss citizens and their family members after Brexit

15 April 2019

New guidance from the Home Office has been published which provides information for employers on right to work checks and immigration status of EU, EEA and Swiss citizens and their family members working in the UK after Brexit.

Right to work checks
There will be no change to the way EU, EEA and Swiss citizens prove their right to work until 1 January 2021. This remains the same if the UK leaves the EU without a deal.

When carrying out right to work checks that will give you a statutory excuse from a civil penalty, you will not need to distinguish between EU, EEA and Swiss citizens and their family members who were resident in the UK before or after the UK leaves the EU.

From 1 January 2021, new guidance will apply for right to work checks. This will be issued in due course.

Employing EU, EEA and Swiss citizens if the UK leaves the EU with a deal
There will be no change to the right to work of EU, EEA and Swiss citizens arriving in the UK before 1 January 2021 if the UK leaves the EU with a deal.

- those arriving in the UK before 31 December 2020 will have until 30 June 2021 to apply to the EU Settlement Scheme to ensure they continue to have lawful status in the UK
- EU, EEA and Swiss citizens arriving in the UK after 1 January 2021 will need to apply to the Home Office for status under the new immigration system

Employing EU, EEA and Swiss citizens if the UK leaves the EU without a deal
EU, EEA and Swiss citizens and their family members who enter the UK before the UK leaves the EU will be able to apply to the EU Settlement Scheme to live and work in the UK. The application deadline will be 31 December 2020 and there will be no application fee.

Immigration to the UK from 1 January 2021
The future skills-based immigration system white paper sets out the government's plans to introduce a new single immigration system from 1 January 2021.

Full details and links to further information can be found in the new guidance on 'Employing EU, EEA and Swiss citizens and their family members after Brexit'

Back to ***Contents***

EU Settlement Scheme

14 May 2019

Following a period of extensive testing, the EU Settlement Scheme is fully open. Over 600,000 people have already applied under the Scheme to secure their rights and get the status they need to stay in the UK after Brexit for as long as they wish.

Although there is no legal obligation for employers to communicate the EU Settlement Scheme to their employees, you may wish to signpost the information that the Government is providing.

It is a straightforward process
The service has been designed to make it as simple as possible for EU citizens and their family members to apply. During the public test phase of the Scheme earlier this year, over 200,000 applications were received from citizens of all 27 EU countries:

- 95% of applicants successfully used the mobile phone app to prove their identity remotely, most in under 10 minutes
- 88% of applicants were able to have their UK residence automatically checked by providing their National Insurance number
- 81% of respondents reported that it was “very easy” or “fairly easy” to complete the application form

If you would like to read more about how the test phase went, a full report has been published on GOV.UK.

Apply today
If you’re an EU, EEA or Swiss citizen, you and your family members can apply to the EU Settlement Scheme free of charge today. Applicants only need to prove their identity, demonstrate their UK residence, and declare any criminal convictions.

You can find full guidance and start your application on GOV.UK.

If you would like to use the Android app to verify your identity, you can download the app from the Google Playstore.

For guidance and a video demonstrating how to use the app, click here. This service will be available on Apple devices by the end of this year.

Alternatively, you can visit an identity scanner location to help you complete this part of the application process or you can post your document to us for verification.

Support
If you have any questions about your application, you can contact our EU Settlement Resolution Centre for help. For anyone who needs additional support completing the online application, there is also an Assisted Digital service.

EU Settlement Resolution Centre
Telephone: 0300 123 7379 (from within the UK)
Monday to Friday, 8am to 8pm
Saturday and Sunday, 9:30am to 4:30pm

EU Settlement Scheme contact form
Find out about call charges

Back to ***Contents***

End of Intermediaries Grant Scheme

20 May 20129

As part of an £8 million investment to support training and automation in the customs intermediaries sector, a £5 million grant scheme opened in December 2018. The deadline for applications is Friday 31 May 2019.

The grant is available to support customs intermediaries and traders with training and IT costs ahead of the UK leaving the EU. Increased capacity in this sector will be important whatever the UK's future relationship is with the EU.

Training grant
In particular, the Government is encouraging applications for the training grants. These are available to intermediaries and traders completing customs declarations or intending to complete customs declarations in the future.

The training grant could be used to support a business that is extending and taking on new staff, or to help train an existing employee to start completing customs declarations for the company. Training can be delivered by an external provider, or an in-house trainer.

The grant can also be used towards the cost of the new modular customs declarations training course which was launched in March as part of the Government's wider investment in the sector.

More information on how businesses can apply, and a link to the online application page are available on GOV.UK.

Any interested businesses are encouraged to register on the grant application page no later than Friday 24 May to allow time to complete the application by the deadline of 31 May 2019.

Back to ***Contents***

What do you need to do to prepare for Brexit?

20 May 2019

HM Government hosts a website which is all about the changes that leaving the EU will have on businesses, organisations and individual citizens.

An agreement has now been reached with the EU on an extension until 31 October at the latest, with the option to leave earlier as soon as a deal has been ratified.

Although Parliament has rejected leaving without a deal multiple times, this remains the legal default at the end of the extension period. A no deal exit can only happen at the end of the extension period.

In light of the extension, departmental ministers will make sensible decisions about the timing and pace at which some of its no deal preparations are progressing, but will continue to prepare for all EU Exit scenarios.

You can use the information on the 'Prepare for EU Exit' website to find out how leaving the EU may affect you, your business or organisation, and what you can do to prepare and the steps you may need to take.

EU election purdah restrictions are in place across government until 23 May, which limits public facing activity. If there are changes to the 'Prepare for EU Exit' information due to the extension to 31 October, the website will be updated accordingly.

Businesses can also sign up for the latest EU Exit news as it happens on GOV.UK by selecting 'business help and education emails', then 'EU Exit'.

If you or your clients/members have already registered for a UK EORI number and for the transitional simplification procedures (TSP) for importers, there is no need to take any action to undo either. Registrations for both are still being accepted.

Back to ***Contents***

Changes for UK employers sending workers to the EU, the EEA or Switzerland in a no deal situation

20 August 2019

In the event the UK leaves the EU without a deal, there may be changes for UK employers who have people working in the EU, the EEA or Switzerland.

Currently the EU Social Security Coordination Regulations ensure employers and their workers only need to pay social security contributions (such as National Insurance contributions in the UK) in one country at a time. However, if we leave without a deal, the coordination between the UK and the EU may end.

This will mean that your employees working in the EU, the EEA or Switzerland may need to make social security contributions in both the UK and the country in which they are working at the same time.

You need to do the following to prepare:

- If your employee is currently working in the EU, the EEA or Switzerland and has a UK-issued A1/E101 form, they will continue to pay UK National Insurance contributions for the duration of the time shown on the form.
- However if the end date on the form goes beyond the day the UK leaves the EU, you will need to contact the relevant EU / EEA or Swiss authority to confirm whether or not your employee needs to start paying social security contributions in that country from that date. The European Commission's website will help you find the relevant country's authority.
- If your employee is a UK or Irish national working in Ireland their position will not change after the UK leaves the EU, they are covered under the international agreement signed by the UK and Ireland in February 2019. You, as their employer, won't need to take any action.
- A replacement for the A1/E101 form will be issued for new applications after the UK leaves the EU. This ensures your employee continues to make UK National Insurance contributions to maintain their social security record. You can still use the same form on GOV.UK to make an application after the UK has left the EU.

The UK Government is working to protect UK nationals in the EU in a 'no deal' scenario by reaching reciprocal arrangements with the EU or Member States to maintain existing social security coordination for a transitional period until 31 December 2020. Individuals in scope of these arrangements will only pay social security contributions in one country at a time.

You can find more information about sending workers to the EU, the EEA or Switzerland in a no deal situation on GOV.UK.

This information was highlighted in the April 2019 EU Exit edition of the Employer Bulletin. It contains important information on a range of issues that businesses and citizens need to be aware of should the UK leave the EU without a deal.

Back to ***Contents***

EU Settlement Scheme – one million people granted status

20 August 2019

Whether or not the UK and EU reach a deal before 31 October 2019, EEA and Swiss citizens living in the UK will have until at least 31 December 2020 to apply.

Although there is no legal obligation for employers to communicate the EU Settlement Scheme to their employees, you may wish to signpost the information that the Government is providing.

Over one million people have been granted status under the EU Settlement Scheme – just five months after the Scheme fully opened.

The Home Office is committed to making the process of applying to the EU Settlement Scheme as simple and straightforward as possible and looks for reasons to grant status, not refuse it. The milestone million demonstrates the progress of the Scheme to date and government is hopeful that it will continue to encourage those who are yet to apply to the Scheme to make their applications.

You may be able to help an EEA, Swiss, or their non-EU family members apply to the scheme so if you know anyone who has yet to do so, please refer to the support services listed below:

- EU Settlement Scheme guidance pages
- ID document scanner locations
- Sign up to receive email updates from the Home Office

Individuals that have made an application, or are attempting to do so, can get help and support by contacting the Settlement Resolution Centre on 0300 123 7379. If you are calling from outside the UK, you can call on 0044 (0) 203 080 0010. Alternatively, the Centre can be contacted in writing.

Back to ***Contents***

Update on the EU Settlement Scheme

22 August 2019

There have been some inaccurate reports in the media regarding the rights of EU citizens resident in the UK after we leave the European Union and the Home Office would like to provide some reassurance.

Some inaccurate reporting has suggested that, once freedom of movement ends after Brexit, EU citizens resident in the UK will be left in “legal limbo”.

The Home Office want to reassure all EU citizens and their family members in the UK that they still have until at least 31 December 2020 to apply to the EU Settlement Scheme, even in the event of a no-deal exit. Furthermore, if someone who is eligible for status is not in the UK when we leave the EU, they will still be free to enter the UK as they are now.

Those who have not yet applied to the EU Settlement Scheme by 31 October 2019 will still have the same entitlements to work, benefits and services. Those rights will not change. EU citizens will continue to be able to prove their rights to access these benefits and services in the same way as they do now.

Further details can be found in this free movement factsheet, and the Home Office can also be contacted in writing by clicking here.

Back to ***Contents***

CIPP EU exit (Brexit) factsheet

06 September 2019

At the end of a fantastic National Payroll Week, but another turbulent week for the UK government, we are pleased to release our EU exit (Brexit) factsheet.

Whilst we know that the Prime Minister suffered a few ‘Brexit blows’ this week leading to more uncertainty regarding whether or not the UK will leave with or without a deal, there are some known facts relating to the EU exit and we have summarised these within our EU exit factsheet.

The Withdrawal Agreement was approved by 27 EU Member States and the UK; however, it must be legalised by the UK Parliament. At the time of writing this is looking remarkably unlikely, particularly in light of a change of Prime Minister whose default seems to be a no deal departure.

If the Withdrawal Agreement or any withdrawal agreement fails to be sanctioned, the UK will [potentially] leave the EU on Exit Day, 31 October 2019, without any deal on the terms of its departure.

Without a deal there will be no transitional arrangement (or implementation/transition period as it is also known) to the end of 2020 for the continued application of EU law, in and to the UK.

The government's high-level goals have however remained consistent through negotiations, failed and otherwise, and include:

- Ending full membership of the EU customs union
- Ending membership of the single market
- Bringing an end to the jurisdiction of the Court of Justice of the European Union (CJEU)
- The extent of the effects of Brexit are somewhat speculative until the precise terms of the UK's post-exit relationship with the EU becomes clear. In the meantime, what do we know?

Download this factsheet to find out

Back to ***Contents***

HMRC publishes Agent Update – Brexit Edition

18 September 2019

HMRC has published a Brexit edition of Agent Update containing a range of information and support to help agents and their clients get ready for Brexit.

This latest edition contains information about:

- Brexit communications resources
- Grants for businesses completing customs declarations
- HMRC Brexit webinars
- Changes for UK employers sending workers to the EU, the EEA or Switzerland
- Transitional Simplified Procedures
- Merchandise in baggage
- Claims for VAT on business expenses after Brexit

Read the CIPP's Brexit factsheet for more information about how Brexit may impact you.

Back to ***Contents***

Many employers unaware of post-Brexit visa rules

23 September 2019

Most employers in the UK are unaware of proposed changes to immigration rules that could make it more difficult to source lower-skilled workers after Brexit, a new report reveals.

The CIPD report A practical immigration system for post-Brexit Britain highlights that a lack of awareness of the Government immigration proposals among most employers, along with a lack of planning and the ongoing political uncertainty means few organisations are equipped to deal with a potential 'supply shock' of a reduced inflow of EU workers post-Brexit.

The research found that:

- More than half of employers are completely in the dark about the Government's immigration proposals, with 58% saying they don't know anything about the Government's white paper on immigration. Just 7% said they knew "a lot" and 35% said that they 'know a little' about it.
- 56% of employers said they don't have enough information to start making decisions about their post-Brexit recruitment strategy. Just one in four (27%) are happy to make decisions based on existing information.
- More than half of employers (51%) felt that the Government's planned 12-month temporary visa was either 'not very useful' or 'not useful at all'. Just 1 in 4 employers (28%) said it would be useful to them to meet their recruitment needs, falling to 22% among public sector organisations.
- The Government's immigration white paper proposes introducing a minimum salary threshold of £30,000 for recruiting most non-UK nationals from 2021. However, when asked what minimum salary threshold would enable them to meet their skills and labour needs after Brexit, the most popular employer response was a threshold of £20,000 (16% of employers), followed by £30,000 (14%) and £25,000 (12%).

The research also shows that since the referendum most employers' efforts have been focused on retaining existing EU staff, rather than planning how to respond to imminent immigration restrictions. This may go some way to explaining why relatively few organisations report they have seen 'Brexodus' effect in their organisation yet, as they have been able to continue to access and retain EU workers fairly easily since the EU referendum.

The CIPD report makes a number of recommendations to avoid the worst-case scenarios when the UK does leave the EU. These include extending the Youth Mobility Scheme for 18-30-year-olds to cover all EU citizens, allowing individuals to come to the UK for a maximum of two years without a job offer.

It also suggests looking at specific occupations with skills shortages that can be exempted from any future salary cap.

Back to ***Contents***

Travellers being urged to check passport validity for post Brexit

19 September 2019

New passport validity rules will apply for travel to most European countries in a no deal Brexit. Government is urging passport holders who may be affected to renew their passports ahead of 31 October.

You may wish to pass on the following information from the Home Office and HM Passport on to your colleagues, employees, family and friends.

The Home Office will send around one million text messages to passport holders who may need to renew their passports early.

New passport validity rules will apply for travel to most European countries in a no deal Brexit.

The text messages will encourage people to check if their passport will meet these new rules to help them with any plans for travel to Europe after 31 October.

There are two new rules that passports will need to meet to travel to most countries in Europe:

1. Travellers will need to have at least six months left on their passport
2. Any extra months on a passport over ten years may not count towards the six months needed. A passport may have extra months if the holder renewed their previous passport before it expired.

The texts will be sent to those who provided their mobile number when they applied for their current passport.

Not everyone provides a mobile number, and contact details may have changed, so even those who do not receive a message should check their passport.

It will normally take up to three weeks to renew a passport, but it may take longer if more information is needed.

The text message reminders are part of the government's 'Get Ready for Brexit' campaign which includes information under two categories for:

- businesses and organisations

- individuals and families.

Read the CIPP's Brexit factsheet for more information about how Brexit may impact you and your business.

Back to ***Contents***

Brexit Business Readiness Events

26 September 2019

HM Government is running free Brexit Business Readiness Events across the UK where you can meet government advisers to find out what your business needs to do to prepare.

The United Kingdom will leave the European Union on the 31 October 2019 and your business will need to take action to get ready.

Join HM Government at a free Brexit Business Readiness Event in your area to meet government advisers and to find out what actions your business needs to take to prepare.

The events will combine a keynote address, interactive support, advice stands and in-depth sessions led by subject matter experts. They will provide you with specific business-focused advice and help.

Join us at a location near you to get free help and advice to get your business ready for Brexit.

Brexit Business Readiness Events will take place across the UK and HMG will continue to add new locations to its dedicated website as they are confirmed.

Back to ***Contents***

Changes for UK employers sending workers to the EU, the EEA or Switzerland

30 September 2019

In the event the UK leaves the EU without an agreement, there may be changes for UK employers who have people working in the EU, the EEA or Switzerland.

Currently the EU Social Security
Coordination Regulations ensure employers and their workers only need to pay social security contributions (such as National Insurance contributions in the UK) in one country at a time. However, if we leave without an agreement, the coordination between the UK and the EU will end.

This will mean that your employees working in the EU, the EEA or Switzerland may need to make social security contributions in both the UK and the country in which they are working at the same time.

Businesses will need to do the following to prepare:

- If your employee is currently working in the EU, the EEA or Switzerland and has a UK-issued A1/E101 form, they will continue to pay UK National Insurance contributions for the duration of the time shown on the form.
- However, if the end date on the form goes beyond Brexit day, you will need to contact the relevant EU / EEA or Swiss authority to confirm whether or not your employee needs to start paying social security contributions in that country from that date. The European Commission's website will help you find the relevant country's authority.

- If your employee is a UK or Irish national working in Ireland, their position will not change after Brexit, they are covered under the international agreement signed by the UK and Ireland in February 2019. You, as their employer, won't need to take any action.
- A replacement for the A1/E101 form will be issued for new applications after Brexit. This ensures your employee continues to make UK National Insurance contributions to maintain their social security record. You can still use the same form on GOV.UK to make an application after the UK has left the EU.

The UK Government is working to protect UK nationals by seeking reciprocal arrangements with the EU or Member States to maintain existing social security coordination for a transitional period until 31 December 2020. Individuals in scope of these arrangements will only pay social security contributions in one country at a time.

You can find more information about sending workers to the EU, the EEA or Switzerland in a no deal situation on GOV.UK.

This information was highlighted in the April 2019 EU Exit edition of the Employer Bulletin and also in the recently published Brexit Edition.

Both contain important information on a range of issues that businesses and citizens need to be aware of should the UK leave the EU without a deal.

Back to ***Contents***

Get your data protection compliance ready for a no-deal Brexit

30 September 2019

If you have customers in the EEA (the EU plus Iceland, Norway and Liechtenstein), you may have to take action before 31 October to keep it business as usual. The Information Commissioner's Office (ICO) has resources to help you with what you need to do, including detailed guidance and interactive checklists.

At the moment personal data flow is unrestricted because the UK is an EU member state. If the proposed EU withdrawal agreement is approved, businesses can be assured that personal data will continue to flow until 2020 while a longer term solution can be put in place.

However in the event of 'no deal', EU law will require additional measures to be put in place by UK companies when personal data is transferred from the European Economic Area (EEA) to the UK, in order to make them lawful.

With one month to go until the UK leaves the EU, the ICO recognise that businesses and organisations are concerned.

Visit the Data protection and Brexit area of the ICO's website for help and guidance.

You can also read Elizabeth Denham's latest myth busting blog which challenges some of the misconceptions about what a 'no deal' Brexit will mean for UK companies transferring personal data to and from the EEA.

Back to ***Contents***

HMRC updates social security guidance for workers from the UK going to work in Switzerland

7 November 2019

HMRC has issued an update to previously published guidance for UK employees and their employers who currently work or are intending to go and work in Switzerland.

The initial advice provided explained that employees from the UK working in the EU, the EEA or Switzerland would continue to pay UK National Insurance contributions in the UK alone until the date that the UK leaves the EU. It was

suggested that after that point, workers may need to pay social security contributions both in the country they are working in as well as continuing to pay NI contributions in the UK.

The latest publication confirms that for those working in Switzerland, workers will continue to pay UK NI with no requirement to pay social security contributions in Switzerland until 31 December 2020. A transitional agreement was signed with Switzerland to ensure protection of how social security payments are currently treated.

The latest update does not, however, refer to UK employees who are working in the EU or EEA so the advice previously provided for individuals in that situation still stands. It states that if the date on an A1/E101 form surpasses the date that the UK leaves the EU, employers will need to contact the relevant EU / EEA authority to confirm whether or not their employee needs to start paying social security contributions in that country from that date. The European Commission's website will help to find the relevant country's authority.

The UK government has already confirmed that it is working to protect the current social security rules in the event of a 'no deal' Brexit but there hasn't been any further information relating to what will happen in relation to UK employees working in the EU or EEA.

Back to ***Contents***

Brexit bill will allow British judges to depart from previous rulings of EU's top court

20 December 2019

A Downing street official has confirmed that the government's Brexit bill will enable courts below the Supreme Court to depart from previous rulings of the European Court of Justice (ECJ).

The plans are laid out in the Withdrawal Agreement Bill (WAB), which MPs will vote on this Friday after the Conservatives were re-elected last week. The BBC reports how the PM's spokesman stated that this would mean that judges at lower courts would not be "inadvertently" tied to the rulings "for years to come". To date, only the Supreme Court and the High Court of Justiciary in Scotland were able to depart from the rulings of the ECJ, and the spokesman went on to say that extending the ability to do this to lower courts was an "important change" to ensure that they do not face a "legal bottleneck". He also commented:

"We will take back control of our laws and disentangle ourselves from the EU's legal order just as was promised to the British people."

Critics have commented that the proposals could cause significant confusion, with crossbench peer Lord Pannick QC stating it would "cause very considerable legal uncertainty." There are concerns that the new legislation will mean substantial additional work for lawyers but more importantly, that it could have potentially detrimental effects on many workers.

Clive Coleman, legal affairs correspondent at the BBC, provides an example of how this might apply and how it could affect payroll professionals, and it relates to holiday pay. The ECJ includes overtime in holiday pay and UK courts are currently bound to this. The pledge could mean that UK courts no longer must comply with this ruling, which could have significant impacts on employees and employers alike across the UK.

After the 11 month transition period that is to be observed after Brexit, an employer could present a case at one of the lower civil courts in the UK and a judge could consider applying a less generous interpretation of the right to paid holidays - one that does not take overtime into consideration.

Former Conservative leader and pro-Brexit European Research Group figure, Iain Duncan Smith applauded the proposal and said:

"This is a critical pledge that puts sovereign rights back in the hands of the UK government and of course the British people."

Boris Johnson is hoping to get a Brexit deal passed through Parliament in the new year, and the intention is for the UK to leave the EU by 31 January 2020. If successful, the UK would adhere to EU rules for an 11-month transition period,

which would conclude on 31 December 2020. The WAB due to be approved by the end of the week includes a stipulation that rules out any extension to the transition period beyond the end of next year.

Back to ***Contents***

Settled and pre-settled status to be confirmed digitally

17 January 2020

With the proposed Brexit deadline of 31 January 2020 rapidly approaching, there has been widespread concern that not all employers are prepared for some of the upcoming changes to right to work documentation and how it can be checked. Employers are already used to checking a prospective new employee's right to work, but Brexit brings with it new terminology; either settled or pre-settled status and a new way of checking the right to work.

Guidance on **Gov.UK** confirms that right to work checks for EU, EEA and Swiss citizens will not change until 1 January 2021. There will be no change to the right to work of EU, EEA and Swiss citizens and their family members living in the UK until 31 December 2020 if the UK leaves the EU without a deal. So you will need to check a job applicant's right to work in the same way as now until 1 January 2021.

They'll be able to prove their right to work using either:

- their passport or national identity card if they're an EU, EEA or Swiss citizen
- their biometric residence card if they're a non-EU, EEA or Swiss citizen family member
- their status under the EU Settlement Scheme or EU Temporary Leave Scheme using the Home Office's online right to work checking service

If an individual proves their right to work under the EU Settlement Scheme, the evidence will be digital rather than the more usual physical paper evidence. To check this digital evidence, HR and payroll professionals can make use of a **service** offered on the Gov.uk pages, which will allow businesses to check an individual's settled or pre-settled status, and therefore their right to work within the UK.

It requires any affected staff members to complete the 'View and prove your settled or pre-settled status' tool, which will provide them with a 'share code' . They can then pass this share code onto their employer, which can be used to verify the employee's settled / pre-settled status and subsequently, their right to work eligibility.

Critics of this process have expressed their concern that there may be some workers who will find it difficult to access the online tool and so will not be able to prove their right to work, which may lead to scenarios in which they are discriminated. There are others that would simply prefer a tangible document that they can use to show that they have the right to work within the UK, and there are those within HR and payroll departments who are seeking to confirm a worker's status who also prefer a physical piece of evidence.

Employers need to be prepared for the changes and expect to receive right to work evidence in both physical and digital formats in the very near future. The new digital process has been explored in this article but, as a reminder, the correct forms of physical documentation to use can be accessed here. Payroll departments should arrange to discuss the new arrangements with corresponding HR teams to aid smooth implementation of the new processes and to ensure that all impacted individuals understand what the changes are and how they will be affected. Employers have a duty not to discriminate against EU, EEA or Swiss citizens and cannot require them to provide evidence of their status under the EU Settlement Scheme or European temporary leave to remain until 1 January 2021.

Back to ***Contents***

House of Lords demand that EU citizens receive physical proof of settled or pre-settled status

22 January 2020

As published in the CIPP's News Online, the original proposals by the government for individuals being granted either settled or pre-settled status was that they would be provided with digital proof, and not physical evidence to show their right to work status within the UK.

This was not met favourably by many of those affected, and HR and payroll professionals also voiced their concerns about these proposals. The House of Lords has since voted in a way that guarantees that EU citizens will be provided with physical documents as proof of their settled status by backing an amendment to implement a registration system that ensures this. The amendment secured 270 votes for and 229 against it, meaning it was backed by a majority of 41 peers. The amendment was initially suggested by Liberal Democrat peer, Lord Oates, who asserted that without physical proof, EU citizens entitled to remain in the UK would be "severely disadvantaged" and that it would lead to "confusion" and "anxiety" for those impacted. This echoed concerns of the EU who warned that post-Brexit, EU nationals will face increased risk of discrimination, which would only exacerbated by the lack of physical documents to prove their status.

The European Union (Withdrawal Agreement) Bill or WAB, supported by Boris Johnson's large conservative majority, passed through the Commons with relative ease but it is expected that there may be some resistance in the upper chamber, where the numbers are significantly lower.

Inews reported that former civil servant, Lord Kerslake advised that providing physical proof of settled status would not delay the UK's departure from the EU.

The CIPP will continue to provide updates on the situation in relation to proof of settled and pre-settled status, so that our members are aware of the expectations placed upon them in relation to right to work documentation and what they need to check for.

Back to ***Contents***

The Department for Work & Pensions releases guidance relating to the State Pension for individuals living in the EEA or Switzerland post-Brexit

29 January 2020

The Department for Work & Pensions (DWP) has published guidance relating to the rights of UK nationals living in the EEA and Switzerland to benefits and pensions after the UK has left the EU.

The UK is set to leave the EU on 31 January 2020, and The Withdrawal Agreement presents the terms of the UK's withdrawal from the EU, and includes provisions for a transitional period up until 31 December 2020 in which no changes will take place. In this time, there will be no difference to the rules on claiming UK benefits and State Pension in the EEA or Switzerland.

Guidance relating to the State Pension for those living in the EEA or Switzerland by 31 December 2020

The guidance asserts that individuals moving or retiring abroad prior to, or on 31 December 2020 (within the transition period) will need to notify the relevant government office of this. They will still be able to receive a UK State Pension if they live in the EEA or Switzerland, and it can still be claimed from these countries. DWP has confirmed that the UK State Pension for these people will continue to be uprated each year for as long as they continue to live there, and this will happen even if the individual starts claiming their pension or on after 1 January 2021, subject to the standard qualifying conditions. This means that they will continue to receive increases under 'triple lock' rules.

Whilst working in the EEA or Switzerland, individuals can count future social security contributions towards meeting the qualifying conditions for their UK State Pension.

Guidance relating to the State Pension for those moving to an EEA State or Switzerland from 1 January 2021

For individuals who are not covered by the Withdrawal Agreement who move to live in an EEA state or Switzerland from 1 January 2021 onwards, the guidance is not as straight forward. The outcome of negotiations with the EU may result in direct changes to the rules surrounding entitlement to UK benefits within those countries, which could directly impact on whether future social security contributions in the EEA and Switzerland count towards the UK State Pension.

Future discussions and agreements may also affect whether the UK State Pension is updated every year for individuals living in the EEA and Switzerland who moved there from 1 January 2021 onwards.

Individuals will, however, continue to receive the UK State Pension in the EEA or Switzerland, subject to the standard qualifying conditions. Any social security contributions made in an EEA state or Switzerland by 31 December 2020 can be used to help individuals qualify for a UK State Pension but there is no definitive answer in relation to contributions made after that point as yet.

Moving to Ireland from 1 January 2021

Individuals who move to Ireland, and are UK or Irish nationals, will continue to get their UK State Pension uprated each year.

Back to ***Contents***

Over three million applications to the EU Settlement Scheme received

7 February 2020

Less than a year ago, the EU Settlement Scheme was made widely available to the public and within that short timeframe, over three million applications have been made, with a staggering 2.7 million individuals being granted status.

Home Secretary, Priti Patel confirmed the number of applications, taken from the latest internal figures and commented:

"I'm delighted that there have already been more than 3 million applications to the hugely successful EU Settlement Scheme.

It's the biggest scheme of its kind in British history and means that EU citizens can evidence their rights for decades to come.

It's now time for EU countries to adopt a similar scheme."

In order to apply, individuals must complete three crucial tasks – proving their identity, evidencing that they live in the UK and disclosing any criminal convictions. The EU Settlement Scheme is designed to guarantee the rights of EU, EEA or Swiss citizens and their families, to continue living and working in the UK after 30th June 2021.

The official statistics have been published and provide a breakdown of where the applications have been made from, the nationality of those who applied and the age brackets. There were nearly one million applications from those living in London up to the end of 2019. October 2019 saw the largest influx of applications being processed in one month, as 400,000 individuals secured their status by UK law. Over 1,250 Home Office caseworkers have been kept busy by processing up to 10,000 applications on a daily basis.

There will be a new advertising campaign launched next week to encourage any who need to apply to do so, and adverts will be shown on catch-up TV, played on the radio and be shown online and via social media. Polish, Romanian, Italian, Lithuanian and Portuguese newspapers will also feature the adverts.

250 of the Home Office staff are based in Liverpool, where their role is to help applicants with any queries about the scheme or where they need assistance with applications. In addition to this, 57 voluntary and community sector organisations have been established, who have helped thousands of vulnerable EU citizens.

Additional support is also available to those EU citizens in the UK who do not have the appropriate access, skills or confidence to apply. This includes over 300 Assisted Digital locations across the UK where people can be supported through their application and over 80 locations where people can have their passport scanned and verified.

Individuals have until 30 June 2021 to apply for settled status to allow them to reside in the UK after that point.

Back to ***Contents***

EU Settlement Scheme – COVID-19 update

31 March 2020

The Home Office has confirmed that, whilst EU Settlement Scheme Applications will continue to be processed, the likelihood is that they will take longer than usual, due to the outbreak of COVID-19.

More than three million people have been granted status through the settlement scheme, but some of the support services that deal with this, and the associated application routes have been temporarily amended, or suspended.

The Settlement Resource Centre (SRC) will no longer be receiving telephone calls but will continue to respond to any questions submitted via email and will make call backs where required. If possible, emails from support organisations will be prioritised.

ID document scanner locations are currently suspended following recent Public Health England advice in order to protect staff.

No documents will be accepted by post at present, but any that are sent in will be returned as soon as possible. As the postal route for submitting identity evidence has been suspended, applications should be made online using the "EU exit ID Document check app".

Some of the services offered by 57 grant funded voluntary and community sector organisations have been suspended but they wish to provide support in line with social distancing guidance. This could be by providing assistance either over the telephone or online. For further details, check with the relevant individual organisation.

The Home Office has reiterated that the deadline of 30 June 2021 for applications to the EU Settlement Scheme is still 15 months away, and that there is still plenty of support available online for anyone wishing to apply.

EU citizens within the UK can apply online through Assisted Digital, which offers help over the phone, should they lack the confidence to apply using the normal route.

Materials are available in 26 languages at the translated communications materials section of the Gov.UK website.

Back to ***Contents***

General Government News

OTS suggests PAYE equivalent for online platform workers

1 August 2018

The Office of Tax Simplification (OTS) has suggested an optional system equivalent to Pay As You Earn, 'PAYE for platforms' to simplify how gig economy workers who operate through online platforms, pay tax.

'Platforms, the Platform economy and Tax Simplification' is the third paper on the platform economy and tax in which it suggests how to simplify and improve the tax experience of the increasing number of individuals who work on a self employed basis through online platforms.

OTS focus papers aim to highlight tax simplification issues, make suggestions (some radical), and stimulate debate on how improvements can best be implemented.

The key question in this latest paper is how self employed workers can be provided with as simple an experience as employees in relation to their tax affairs. This paper considers the tax experience only of those who work through digital platforms, rather than of those who, for example, sell or buy goods or rent out their spare room for short term holiday lets through such a platform.

The paper concludes that:

- The government should consider the case for enabling online platforms such as taxi or delivery firms to operate a system equivalent to PAYE for self employed platform workers (without affecting their employment status)
- HMRC continue to focus on the development of guidance and to ensure that this is readily available and targeted - especially at people who may unknowingly generate tax liabilities
- HMRC engage fully with technology developers to provide reassurance to the burgeoning self employed that digital applications are fit for purpose in submitting accurate tax data and returns as necessary
- HMRC consider the case for establishing an app for the self employed to help them manage their tax affairs.

Paul Morton, OTS Tax Director, said:

"The development of the gig economy and new ways of working through online platforms has profound consequences for the employment landscape. At the OTS, we are concerned with the tax implications and how the experience, especially of individual tax payers, can be simplified. Our paper offers a number of suggested improvements, in particular that government should consider whether online platforms could operate a system equivalent to Pay As You Earn, deducting tax from earnings and thereby taking responsibility for fulfilling the tax obligations of their workers.

This does not change the employment status of the platform worker. The idea of 'PAYE for platforms', which so far as we know has not been suggested before, would be optional. However, for those who chose it, it would remove the administrative burden from these individuals, who can be some of the most vulnerable in the labour market and mean that they should not get an unexpected tax demand at the end of the year. It would also make tax collection more efficient."

The publication of 'Platforms, the Platform economy and Tax Simplification' follows the OTS's focus paper on the Gig economy published on 2 December 2016, and an update to that paper published on 22 June 2017.

Back to ***Contents***

LGA consults on increase to income tax and NICs to pay for adult social care

1 August 2018

The Local Government Association (LGA) has launched a nationwide consultation to kick-start a "desperately-needed" debate on how to pay for adult social care and rescue the services caring for older and disabled people from collapse.

The LGA eight-week consultation therefore sets out options for how the system could be improved and the radical measures that need to be considered given the scale of this funding crisis. Possible solutions to paying for adult social care in the long-term outlined in the consultation include:

- Increasing income tax for taxpayers of all ages – a 1p rise on the basic rate could raise £4.4 billion in 2024/25
- Increasing national insurance – a 1p rise could raise £10.4 billion in 2024/25
- A Social Care Premium - charging the over-40s and working pensioners an earmarked contribution (such as an addition to National Insurance or another mechanism). If it was assumed everyone over 40 was able to pay the same amount (not the case under National Insurance), raising £1 billion would mean a cost of £33.40 for each person aged 40+ in 2024/25.
- Means testing universal benefits, such as winter fuel allowance and free TV licences, could raise £1.9 billion in 2024/25
- Allowing councils to increase council tax – a 1 per cent rise would generate £285 million in 2024/25

The consultation - the biggest launched by the LGA – is seeking the views of people and organisations from across society on how best to pay for care and support for adults of all ages and their unpaid carers, and aims to make the public a central part of the debate.

The consultation will run for eight weeks from 31 July. The LGA will respond to the findings in a further publication in the autumn, which will be used to influence the Government's own expected green paper, forthcoming Autumn Budget for 2019/20 and Spending Review.

Recent surveys by the LGA show that 96 per cent of councils and lead members believe there is a major funding problem with adult social care; 89 per cent said taxation must be part of the long-term solution to funding it, and that 87 per cent of the public support more funding to plug the significant funding gap in the sector.

Back to ***Contents***

OTS review the Business Life Cycle

3 August 2018

The Office of Tax Simplification (OTS) recently published a document that sets out the scope of a new review of the Business Life Cycle.

The first Business Life Cycle (report published in April 2018) review by the OTS addressed the tax charges and reliefs applicable at key stages or events over the course of the life of a business with a primary focus on external events, for example, the raising of capital or a change in ownership rather than on internal events.

This second review seeks to consider the extent to which administrative complexity may contribute to errors or a failure to take reasonable care, as well as any other underlying factors which result in compliance related practical difficulties and penalties and which contribute to the tax gap. This review will build on the Office's previous work and will seek to focus on smaller businesses, particularly those with £2m turnover or less or fewer than 10 employees.

This comprehensive piece of work will consider:

- the accessibility and clarity of guidance and support in relation to the process of setting up a business, including the information on gov.uk (linking to the OTS's wider work on guidance)
- issues arising from the interaction between an individual's personal and business affairs
- how a business works out and administers its taxes (taking into account matters such as Making Tax Digital, record-keeping, filing returns, understanding allowable deductions)
- sources of error and unnecessary complexity, and ways these could be eased or mitigated
- the way the tax system handles unprofitable years or shorter-term cash flow issues (for example through the loss rules and time to pay arrangements) and the extent to which the tax system helps businesses manage the cash flow demands of paying tax more generally

- the impact of taking on the businesses' first employee and subsequent employees (with regard to payroll taxes, completing P11Ds in relation to benefits, employment allowance)
- the impact and any distortive effect of thresholds (recognising the significance of issues of this kind that the OTS drew attention to its 2017 VAT report)
- issues arising in relation to relevant tax reliefs such as R&D tax credits
- making overseas sales or purchasing goods or services from abroad for the first time
- issues arising as the business develops, for example moving to new premises.

CIPP comment
The policy team always welcome member feedback and would particularly welcome any comments that you might have about the impact of taking on the businesses' first employee and subsequent employees (with regard to payroll taxes, completing P11Ds in relation to benefits, employment allowance) and on the subject of guidance. Thank you to members who have recently contacted us on these very subjects. Please email policy marking your email for the attention of Samantha Mann senior policy and research officer. Thank you.

Back to ***Contents***

Individuals could be expected to pay into social care fund

20 September 2018

The Health Secretary has announced that as part of a forthcoming green paper on social care, an opt-out proposal akin to auto enrolment would mean every adult in England would be expected to pay into a national fund to cover their care in later life.

The disclosure was reported by The Telegraph who said that Matt Hancock, who became the Health and Social Care Secretary in July, told the paper that the opt-out proposal, modelled on the pensions scheme, would see people taking more personal responsibility for their health.

According to the FTAdviser if such a policy was introduced, individuals would have to actively choose not to make payments to the social care fund akin to pensions auto-enrolment. The Health Secretary is reported to have said:

"I'm attracted to the model of auto-enrolment, which has been so successful in pensions.

If you make it the norm, tell people what it is they have to do to look after themselves, it's often the case that very few people will opt out.

It takes away the injustice of people losing all that they have saved for."

FTAdviser reported last week the government is planning to propose a new cap to fund social care in its upcoming green paper. At a hearing in front of the economic affairs committee in the House of Lords on 11 September, Chancellor of the Exchequer Phillip Hammond said the green paper would set out several proposals to reflect different ways of delivering and funding the cap.

In the meantime, the House of Lords launched an inquiry into social care funding.

Back to ***Contents***

Employers may have to include in job advert if it can be done flexibly

4 October 2018

Proposed measures announced include creating a duty for employers to consider whether a job can be done flexibly and make that clear when advertising, and consulting on requiring employers with 250+ staff to publish their parental leave and pay policies.

The Business Secretary Greg Clark has announced a series of new measures to back businesses and entrepreneurs, support workers and ensure every part of the country benefits from the government's modern Industrial Strategy. The new measures include:

Proposals to help parents and carers in the workforce
While many companies are increasingly embracing flexible working and the benefits it brings, some employees face barriers in raising this issue with their employers. The government will consider creating a duty for employers to consider whether a job can be done flexibly, and make that clear when advertising.

Greater transparency on parental pay
While many employers go further than the legal minimum for parental leave and pay, very few publish their policies openly. The government will consult on requiring employers with more than 250 staff to publish their parental leave and pay policies, so job applicants can make informed decisions about whether they can combine the role with caring for their family.

Tipping
New legislation, to be introduced at the earliest opportunity, will set out that tips must go to the workers providing the service.

Prompt payment
A call for evidence will be published later this week which will consider the best way to ensure company boards put in place responsible payment practices throughout their supply chain, including whether all company boards should give one of their non-executive directors specific responsibilities for the company's prompt payment performance.

Read more from the Department for Business, Energy & Industrial Strategy on their plans to strengthen the UK's business environment.

Back to ***Contents***

Shared Parental Leave and Pay (Extension) 2017-19

10 December 2018

The text of this Private Member's Bill has been published, which aims to provide shared parental leave and pay to the self-employed including freelance workers and workers in the GIG economy. The Bill also aims to extend the sharing of statutory maternity allowance to a mother's self-employed partner.

The Shared Parental Leave and Pay (Extension) Bill 2017-19 was introduced by Tracy Brabin, MP for Batley and Spen who hailed this as being a bill that delivers 'no additional cost to the tax payer'.

The Bill received its first reading on 21 February 2018. The second reading debate of the was originally scheduled for 11 May 2018, but it is now expected to take place on Friday 25 January 2019.

If the Bill receives Royal Assent and becomes the 'Shared Parental Leave and Pay (Extension) Act 2018', the regulations will come into force within 12 months of this date.

Geographical extent – The Bill applies to England, Wales, and Scotland

Share Parental Leave was launched in 2015 and however parental take up is estimated to be a low 2%. The campaign 'Share the Joy' is part of the government's aim to raise awareness of employment rights, in a drive to boost job satisfaction and productivity as part of the modern Industrial Strategy and Good Work plan.

Back to ***Contents***

Consultation on extending redundancy protection for women and new parents

28 January 2019

A consultation has been published which recommends that the current protection afforded under the Maternity and Paternity Leave etc Regulations 1999 be extended to cover the period of pregnancy and a period after.

The Department for Business, Energy and Industrial Strategy (BEIS) is seeking views on extending redundancy protection for pregnant women and mothers. The consultation also sets out more widely what the department is doing to tackle pregnancy and maternity discrimination and explains the current law on redundancy protection.

This is a commitment that was made in the government's response to the Taylor Review, and had also previously been raised by the Women and Equalities Select Committee (WESC).

The consultation recommends that that the current protection afforded under the Maternity and Paternity Leave etc Regulations 1999 (which apply to the period of maternity leave) be extended to cover the period of pregnancy and a period after, an extension of 6 months.

The consultation asks how best to achieve that and who would be covered, for example, those taking Shared Parental Leave or Adoption Leave.

BEIS has produced an online survey for interested stakeholders to provide feedback (closes 5 April 2019).

Back to ***Contents***

Change to online right to work checks

29 January 2019

Changes to the online right to work checking service will mean that employers can use the service to demonstrate they conducted the necessary right to work checks on migrants, without having to rely on paper documents.

The Right to Work Checking Service, which is secure and free to use, was launched in April 2018, however until mid-December 2018 employers still needed to request paper documents alongside using the service. Changes to the online service mean that employers can use it to demonstrate they conducted the necessary right to work checks on migrants and avoid a penalty if they are found to be employing illegal workers.

This is another step that is being taken to simplify and modernise the immigration system. The online Right to Work Checking Service makes the checks simpler for employers and provides greater security as they no longer need to rely on physical documents when checking migrants' status, further reducing the risk of forged documents being presented.

The Home Office Right to Work Checking Service is available on GOV.UK and gives employers access to up-to-date, real-time information about migrants' right to work. Individuals will be able to authorise their current or prospective employer to see information about their immigration status to conduct the check and will be able to see exactly what information will be shared.

The service is voluntary for employers and individuals. Migrants may demonstrate their right to work using either the existing document checking service or the online checking service.

The changes also make it simpler for UK nationals without British passports to demonstrate their citizenship by enabling them to use short birth or adoption certificates, which they can get for free, instead of the long versions.

Further information regarding Foreign nationals working in the UK can be found on GOV.UK

Back to ***Contents***

Will tax simplification still be needed as technology advances?

28 February 2019

The Office of Tax Simplification has recommended that HMRC expand the current personal tax account to deliver better targeted guidance alongside looking at automatically enrolling all taxpayers into this service.

The Office of Tax Simplification (OTS) has published a discussion paper on the implications of using technology to simplify tax. It looks broadly at the challenges, as well as the opportunities, that emerging technologies pose.

The OTS is the independent adviser to government on simplifying the UK tax system, to:

- make it easier for the taxpayer;
- improve the experience of all who interact with the tax system; and
- to reduce the administrative burden for all.

Technology is already being used by individuals and their agents to facilitate online completion of tax returns through HMRC's programme of digitisation, Making Tax Digital. However, while technology can ease the process, it may also create a future risk for taxpayers, as easier completion will not remove the need for individuals and businesses to understand and comply with their tax obligations.

If software and technological advances reduce taxpayers' understanding of how much tax they should pay and why, this could cause problems, for example, when things go wrong. The OTS's paper explores what can be done to empower taxpayers to sufficiently understand their tax, and their obligations, while benefiting from advances in technology.

The report suggests the following key points for the government to consider:

- HMRC expanding the current personal tax account to deliver better targeted guidance alongside looking at automatically enrolling all taxpayers into this service
- How to mitigate the risk of taxpayers losing sight of their obligations through the use of technology
- Continuing to monitor private sector technological innovation with the potential to improve taxpayers' experience of managing their tax affairs
- The potential for using new technology to engage with the public more efficiently and effectively while saving resources
- Monitoring the impact of the General Data Protection Regulation on taxpayer choices for security and privacy, and convenience
- Active monitoring of the impact of moves towards a cashless society and risks of digital exclusion

Read the full discussion paper 'Technology Review: a vision for tax simplicity'.

New Chair of the Office of Tax Simplification
Kathryn Cearns OBE will be the new Chair of the OTS, commencing 18 March 2019, succeeding Angela Knight CBE.

Back to ***Contents***

Extending redundancy protection for women and new parents

9 May 2019

The Women and Equalities Select Committee has published its response to the Government consultation on extending redundancy protection for women and new parents.

Background

This consultation was published at the end of January and recommended that the current protection afforded under the Maternity and Paternity Leave etc Regulations 1999 (which apply to the period of maternity leave) be extended to cover the period of pregnancy and a period after, an extension of 6 months. This is a commitment that was made in the government's response to the Taylor Review, and had also previously been raised by the Women and Equalities Select Committee (WESC).

Response of the Women and Equalities Select Committee
In broad summary, the Select Committee welcome and agree with the proposals to provide an additional period of protection against redundancy for new mothers and indeed other groups, and further welcome the increased information provision. However, the Committee is of the view that the proposals made in the consultation document need to go further and robustly address the issue of enforcement of existing and new rights.

A summary of the Committee's recommendation follows:

Redundancy Protection – expectant and new mothers
The Committee support an extension to the protections against redundancy during pregnancy and maternity leave, for a period of 6 months following their return to work. Given that its 2016 inquiry report recommended that this change be made within 2 years, a timeframe which has now passed, the Committee hopes the Government commits to implementing this reform as soon as possible.

Redundancy Protection - other groups
The Committee would strongly agree that any extension of protection also apply to those on adoption leave or shared parental leave. It agrees in principle that there should also be extended protection for those on longer periods of parental leave but would welcome clarity on what forms of parental leave would qualify.

Information provision and awareness of rights
The Committee welcome the existing steps taken by the Government, but in line with evidence it has received, invite the Government to go further in setting up (in consultation with relevant stakeholders) a single comprehensive website for employers and individuals. It is vital that the information be full but easily accessible and easy to understand.

In addition, the Committee asks that the Government work with relevant stakeholders including the General Medical Council and the Nursing and Midwifery Council, to ensure frontline health professionals can provide basic advice to women and signpost them to further information and resources. This would also help to ensure that individuals who do not have access to the internet can obtain the relevant information.

Enforcement (reporting)
The Committee repeat the recommendation made in its 2016 report, that large companies should be required to report on retention rates for women 12 months after returning from maternity leave and 12 months after lodging an application for flexible working.

Enforcement (general)
In the consultation, the Government references the Good Work Plan which seeks to implement the recommendations of the Taylor Review, including the proposals to create a new, single labour market enforcement agency. The Committee would like some clarity on this; particularly the question of how this agency will ensure that maternity and pregnancy rights are being protected. In the Committee's ongoing inquiry on Enforcing the Equality Act, it heard oral evidence from Sir David Metcalf, director of Labour Market Enforcement. When asked about the Public Sector Equality Duty, he stated was not familiar with the duty. Nor could he offer any information or insight into how this new enforcement agency would tackle maternity (or other) discrimination. This was of concern to the Committee.

The Committee would welcome further detail into the scope of the new enforcement agency, as well as confirmation that this agency will be tackling maternity and pregnancy discrimination as part of their core function.

Employment Tribunal Time Limit
The Committee welcomes the Government's commitment to undertaking a consultation on changing employment tribunal time limits for claims relating to discrimination, harassment and victimisation.

The Committee recommend that any consultation process into extending the time limit for pregnancy/maternity discrimination claims be put in motion swiftly and take in account the already widespread support for increasing the time limit for claims from three months to six months.

The full response is available through the link below.

Response of the Women and Equalities Select Committee to the Government consultation on extending redundancy protection for women and new parents

Back to ***Contents***

Saving your clients/employees money on childcare costs

17 May 2019

The uptake of Tax-Free Childcare (TFC) has not been as high as the Government had initially forecast and therefore there are many parents who could be missing out on assistance with their childcare costs.

Are you able to communicate information to clients or employees?

Tax-Free Childcare is a government scheme available to working parents, including the self-employed, with children aged 0 to 11.

Eligible parents can get up to £2,000 per child per year towards qualifying childcare. For clients with 2 children, it could mean a £4,000 saving per year on the family's budget.

Parents can use it on a wide range of registered childcare, including:

- childminders
- nurseries
- breakfast clubs, after school clubs and holiday clubs.

For disabled children, the scheme is available up to the age of 16 with a maximum government contribution of £4,000 per child per year.

Support with childcare costs can be a complex area as the Government offers different types of support and some interact with Tax-Free Childcare.

The Low Income Tax Reform Group (LITRG) has useful information on its website that you can signpost contacts to about how TFC interacts with other schemes.

Please tell your clients/employees to visit Childcare Choices to find out more information on how their childcare costs could be reduced and how to apply.

Back to ***Contents***

PAYE needs to be updated for modern working patterns

20 May 2019

The Office of Tax Simplification (OTS) has published a report which includes recommendations to improve the operation of the PAYE system for smaller businesses and to enable agents to see the same information as their clients and carry out any tax transaction their client wishes them to.

The report 'Simplifying everyday tax for smaller businesses: a further business lifecycle review' was commissioned by the Chancellor of the Exchequer and the scoping review was published in July 2018.

It is a particular priority for the OTS to focus on improving the experience of individuals and smaller businesses in engaging with the tax system. During review for this report, the OTS consulted many individuals involved in smaller businesses, advisers and representative bodies.

HMRC defines a small business as one with annual sales not exceeding £20 million, which employs no more than 20 people. A micro business is one with sales up to £2 million and no more than 10 employees. 75% of small businesses do not employ anyone other than the owner(s).

The recommendations from the OTS cover five themes:

- providing simple step-by-step guidance about the key things a business needs to do in its early days to help things run smoothly
- improving the operation of the PAYE system
- implementation of HMRC's Agents Strategy
- improving the mechanics of the Corporation Tax return process
- ensuring that tax changes are built on an understanding of business processes

Under 'improving the operation of the PAYE system'
If better quality information fed more quickly (and accurately) into the system, this would be helpful for taxpayers and could reduce queries to HMRC. In particular:

- the current system does not handle the fluidity of the modern workplace very well, for example in relation to changes of job mid-month or individuals holding multiple jobs or concurrent employment and self-employment
- system problems lead to significant costs for businesses, agents, employees, and HMRC itself. For example, there are around 350,000 duplicate employment records, and around 5% of returns are received late

System change would have upfront costs but should soon pay for itself, improving employer and taxpayer experience, and efficient tax collection.

A strategic focus on the PAYE system should be an HMRC priority to ensure effective implementation of improvements and system changes. In addition to ensuring that there is appropriate oversight of the system, the strategic focus should include:

- ensuring that the commitments made by HMRC in the 2017 Post- Implementation Review of Real Time Information are prioritised and addressed
- working with employers and their agents, to identify areas where the system is not working efficiently and to design and agree solutions

A roadmap should be drawn up to show the stages of progression and planned changes over the next 5 years.

A fresh review of areas where the PAYE/RTI system should be improved should be carried out, possibly by the OTS. The focus of this review would be to

- consider the fit between the PAYE/RTI processes and modern work patterns
- identify options to simplify and streamline the PAYE and RTI system
- consider options to ensure that PAYE and RTI processes are ready to support future streamlining of the tax system

Agents
Agents' role in supporting compliance with the tax system is recognised in HMRC's 2014 Agent Strategy, which commits HMRC to a number of initiatives to help agents. Some of these have been completed, but HMRC has struggled to prioritise implementation of this strategy in the face of other demands.

The principles set out in the Agent Strategy seem sound and reasonable: they include enabling agents to see the same information as their clients and carry out any tax transaction their client wishes them to do. The challenge lies in implementation.

The OTS's recommendations are intended to encourage consistent implementation of the strategy, to ensure that agents are able to support clients in complying with tax at minimum cost.

HMRC should appoint a senior official to oversee and prioritise implementation of the Agent Strategy
The focus of this role should include ensuring that agent needs are built into new systems; developing constructive engagement with the profession, to ensure that agents feel listened to and understood; as well as working with HMRC officials to increase their understanding of the role of agents.

HMRC should routinely build agent awareness and needs into system design and improvement and its related guidance
The government should produce a roadmap setting out dates for implementation of the key improvements, such as the ability of agents to see data relating to their clients and ensuring that consideration of agents is a mandatory part of all new system redesign. Improving agent engagement feedback scores would be one way to monitor the impact of improvements.
This recommendation includes ensuring that agents are copied into key exchanges with clients, a longstanding practice that seems to have been missed in some recent process redesigns.

Read the report in full - Simplifying everyday tax for smaller businesses: a further business lifecycle review

Back to ***Contents***

Chair's Commons Bill pushes for new protections for pregnant women and mothers

23 May 2019

The Chair of the Women and Equalities Committee, Maria Miller MP, has pushed for new protections for pregnant women and mothers by introducing a *Ten minute Rule Bill in the House of Commons.

The Pregnancy and Maternity (Redundancy Protection) Bill 2019 seeks to prohibit redundancy during pregnancy and maternity leave and for six months after the end of the pregnancy or leave, except in specified circumstances, and for connected purposes.

The previous Committee published a report in August 2016 which demanded urgent action, calling for UK women to have protections similar to those in Germany after a 'shocking' increase in workplace pregnancy discrimination over the past decade.

The report requested the Government set out a detailed plan within two years or risk a further rise in pregnant women and mothers being forced out of work. Recommendations included changes to health and safety practices, preventing discriminatory redundancies and an increase in protection for casual, agency and zero-hours workers.

However, when publishing Committee's response to the Government's consultation on pregnancy and maternity discrimination protections earlier this month, the Chair criticised the lack of progress made, despite ministers having had so long to implement the recommendations made. (Government are still analysing the responses to this consultation).

Chair of the Women and Equalities Committee, Maria Miller MP, said:

"We warned almost three years ago of the significant discrimination and poor treatment faced by 54,000 pregnant women and mothers at work each year.

"Family life and the economy will both suffer unless workplace practices are brought into the 21st Century. Providing effective protection against redundancy for pregnant women would be a really good start. Whilst the recent BEIS consultation is a step in the right direction, neither new parents nor the economy can afford to wait any longer for pregnant women and new mums to be confident of proper protection from redundancy which has been in place in Germany for many years. That is why I have introduced this 10-minute Rule Bill with cross-party support."

*Ten Minute Rule Bills are a type of Private Members' Bill that are introduced in the House of Commons under Standing Order No 23. The ten minute rule allows a backbench MP to make his or her case for a new Bill in a speech lasting up to ten minutes.

Back to ***Contents***

Report on the use of non-disclosure agreements in discrimination cases

12 June 2019

The Women and Equalities Committee has published a report calling on the Government to end the cover-up culture over discrimination and harassment cases in the workplace.

"The Government must reset the parameters around the use of non-disclosure agreements (NDAs) and address the failure of the employment tribunal system to ensure all employees who have experienced discrimination have a meaningful route of redress."

In the report, MPs condemn the routine cover-up of allegations of unlawful discrimination and harassment in the workplace, and the fact that some employers fail to investigate allegations of unlawful discrimination properly - or at all.

The report highlights the difficulties of pursuing a case at employment tribunal and the substantial imbalance of power that can exist between employers and employees which can drive employees to feel that they have little choice but to reach a settlement that prohibits them from speaking out.

The Committee's key recommendations are that the Government should:

- Ensure that NDAs cannot prevent legitimate discussion of allegations of unlawful discrimination or harassment, and stop their use to cover up allegations of unlawful discrimination, while still protecting the rights of victims to be able to make the choice to move on with their lives
- Require standard, plain English confidentiality, non-derogatory and similar clauses where these are used in settlement agreements, and ensure that such clauses are suitably specific about what information can and cannot be shared and with whom
- Strengthen corporate governance requirements to require employers to meet their responsibilities to protect those they employ from discrimination and harassment
- Require named senior managers at board level or similar to oversee anti-discrimination and harassment policies and procedures and the use of NDAs in discrimination and harassment cases.

Chair of the Women and Equalities Committee, Maria Miller MP, said:

"We heard during our previous inquiry into sexual harassment in the workplace that the current use of non-disclosure agreements in settling such allegations is at best murky and at worst a convenient vehicle for covering up unlawful activity with legally sanctioned secrecy.

It is particularly worrying that secrecy about allegations of unlawful discrimination is being traded for things that employers should be providing as a matter of course, such as references and remedial action to tackle discrimination.

After signing an NDA, many individuals find it difficult to work in the same sector again. Some suffer emotional and psychological damage as a result of their experiences, which can affect their ability to work and move on. There is also the financial penalty of losing a job and bringing a case against an employer.

Organisations have a duty of care to provide a safe place of work for their staff and that includes protection from unlawful discrimination.

Some organisations now routinely settle employment disputes without the use of NDAs. We have put forward a range of measures to ensure more follow suit."

The Committee renews its previous calls for the Government to:

- Place a mandatory duty on employers to protect workers from harassment and victimisation in the workplace
- Urgently improve the remedies that can be awarded by employment tribunals as well as the costs regime to reduce disincentives to taking a case forward. Tribunals should be able to award punitive damages, and awards for the non-financial impact of discrimination should be increased significantly.

These actions must be taken urgently to bring about an immediate step change in the use of NDAs in discrimination cases.

Read the full report on The use of non-disclosure agreements in discrimination.

Back to ***Contents***

Challenges in using data across government

27 June 2019

A report from the National Audit Office has found that data is not seen as a priority by government; the importance of investing in quality data is not well understood, and there is a culture of tolerating and working around poor data.

The report examines how government uses data to implement its policies and reform public services and draws together the NAO's experience of auditing government, and recent work that has identified where the quality and availability of data has been an issue.

Data is crucial to how successfully government can: deliver services that work for the people who use them; improve its systems and processes; and support better decisions. The NAO has repeatedly highlighted the importance of evidence-based decision making in government, and the problems that arise when data is missing or low-quality.

The effectiveness of government programmes is often compromised because data is inadequate. The consequence of this is demonstrated by the Windrush situation, where the Home Office took action without fully assessing the impact of the quality of its underlying data. Unless the quality and availability of data is high before new policies are implemented, it can be difficult for departments to assess their effectiveness or secure hoped for benefits.

The report includes information about data projects that have sometimes been set aside when funding is under pressure such as the government funding projects to automate data feeds like the Department for Work & Pensions using HM Revenue & Customs real-time information to support benefit payments. This has the potential to provide benefits, but this has often been driven by new policies rather than fixing ongoing problems.

The NAO report states that the Government recognises the value of using data more effectively and that it plans to produce a new national data strategy in 2020, which will be led by the Department for Digital, Culture, Media and Sport (DCMS), working with Cabinet Office. To achieve its ambitions, government will need to resolve challenges around how to use and share data safely and appropriately, and how to balance competing demands for public money in a way that allows it to invest in data. The NAO has found government has lacked leadership on developing its use of data, and DCMS has acknowledged that it needs to do more to embed its leadership role.

The report finds that there are no cross-government standards on how to record data, which has led to inconsistent ways of recording information. The NAO found more than 20 different ways of identifying individuals and businesses across 10 departments and agencies, with no standard format for recording data such as name, address and date of birth. The problem is replicated for businesses and in local areas where information is recorded differently across boundaries. This makes it difficult for government to maximise its data, for example by allowing analysis across different sectors to help understand economic challenges or systematic problems.

Silo working can inhibit progress. While the Digital Economy Act 2017 has made it easier for departments to share data where it is appropriate to do so, many still lack confidence in how to share it legally. The NAO has found that civil servants are used to working within departmental boundaries, which is a hurdle to setting up and maintaining cross-departmental initiatives.

The NAO recommends in its report that the Cabinet Office and DCMS use the 2020 data strategy to identify and address the barriers to better use of data. They should set up clearer cross-government accountability, governance and funding for data to help deliver the strategy. The datasets that are critical to government should also be identified, and it should be established how they can be improved and shared more easily.

Gareth Davies, the head of the NAO said:

"Government has lacked clear and sustained strategic leadership on data, and individual departments have not made enough effort to manage and improve the data they hold. This can reduce public confidence in government's ability to collect and use people's data effectively.

"The right processes, systems and conditions must now be put in place, otherwise the new data strategy will become yet another missed opportunity."

Read the full report from the NAO - Challenges in using data across government.

Back to ***Contents***

Devolved administrations write to UK Government on review of relationship with Westminster

8 July 2019

The Scottish and Welsh governments are urging an end to delays in reforming their relationship with Westminster.

In a joint letter to UK Cabinet Minister David Lidington, Jeremy Miles AM, the Welsh Assembly's Brexit Counsel General and Brexit Minister, and Michael Russell MSP, the Scottish Parliament's Cabinet Secretary for Government Business and Constitutional Relations, call for immediate steps to improve the current "weak and ineffective" government structures, guarantee respect for devolved responsibilities and strengthen the dispute resolution process. The move follows a written statement from Mr Lidington setting out draft principles on intergovernmental relations.

Constitutional Relations Secretary Michael Russell said:

"It is deeply disappointing that the intergovernmental relations review commissioned 15 months ago has made so little progress. The proposed principles bear little meaning without any firm commitments for further reform.

This is urgent. By early November the UK could be embarking on negotiations on future relations with the EU27, or new international trade agreements, or both. We need to see a step change in approach to the future partnership, and to all international negotiations which impact on devolved competence, so that our roles and responsibilities are fully respected.

The Scottish and Welsh governments have made clear how we expect to be involved in these matters, now and in the future. It is absolutely vital that we have agreed on the way forward before any UK negotiating mandates are set and any negotiations proceed.

Whether or not the UK leaves the EU, there is an urgent need for fundamental reform of the relationship between our governments.

A Heads of Government meeting should be convened as soon as possible to agree a programme for change and a clear timetable."

Back to ***Contents***

Thompson to step down from HMRC to take FRC role

23 July 2019

Sir Jonathan Thompson is to step down from HMRC this Autumn, after more than three years as chief executive and first permanent secretary and will take on a new role as chief executive of the Financial Reporting Council (FRC).

Sir Jonathan joined HMRC in April 2016 and led the organisation through a period of change and significant performance improvements, including:

- successive, record-breaking increases in the collection of tax revenues due and compliance revenues
- a general downward trend in the tax gap – the gap between tax owed and tax paid
- an overall recovery in customer service levels
- the introduction of Making Tax Digital – online business tax accounts
- opening HMRC's first regional centre with two more due this year
- preparing for the challenges and opportunities of Brexit

Sir Jonathan said in a statement:

"It's been a tremendous privilege to lead HMRC for more than three years, so to leave now has not been an easy decision for me to make. However, to have the opportunity to lead the FRC, as it turns into the Audit, Reporting and Governance Authority, and to promote public trust in doing business in the UK, at a point when we're about to forge new alliances across the world, is too exciting to turn down."

The announcement comes as HMRC's Annual Report and Accounts for 2018-19 show HMRC in a strong position collecting record revenues due for public services.

This new enhanced regulator was announced by Business Secretary Greg Clark in response to the comprehensive Independent Review led by Sir John Kingman. The new regulator will have a new mandate and stronger powers set down in law.

Sir Jonathan will take up this new role in the Autumn. The recruitment process will begin shortly and an announcement about a successor will be made in due course.

Jim Harra, Deputy Chief Executive and Second Permanent Secretary at HMRC, continues to be the department's lead for exiting the EU, as has been the case since he took over this role in January 2018.

Back to ***Contents***

Gender equality at every stage: a roadmap for change

24 July 2019

The Government Equalities Office has published a 'roadmap' which sets out the vision and actions to tackle persistent gendered inequalities, alongside the 'case for change and gender equality monitor'.

Government state that your gender should not define or limit the choices you make about what you study, where you work, your career ambitions and how you care for others. The roadmap sets out its vision to enable everyone to contribute to the country's economy and balance caring responsibilities with a rewarding career.

The roadmap sets out how Government is going to tackling these eight key drivers of inequality:

1. Limiting attitudes to gender can hold women and men back across their lives
2. Women tend to work in lower paid sectors and occupations, and are less likely to progress
3. The working age benefits system hasn't always tackled the disadvantages that women and those with caring responsibilities face
4. Women take more time out of the labour market to care for children
5. Women are providing more informal care and unpaid work for others
6. Some women face barriers returning to or entering the labour market
7. Women are more likely to face financial instability later in life, due to decisions taken throughout working life
8. We need to ensure that we sustain strong foundations for the future

Published alongside the roadmap for change is a longer case for change which examines in greater depth the factors that underlie gendered differences in work and pay, supporting the vision and action laid out in the roadmap.

Thirdly, the Gender Equality Monitor (GEM) has been published which brings together a suite of indicators in a single place to monitor gender equality across five key areas:

- Economic participation and progression
- Attitudes and leadership
- Education and skills
- Crime and justice
- Health and wellbeing

Bringing these measures together allows users to understand the gendered nature of these issues and allows government to monitor progress.

Gender equality at every stage: a roadmap for change

The Gender Equality Monitor: tracking progress on gender equality

The case for change: how economic gender inequalities take hold across the life course

Back to ***Contents***

Who's who in the new Prime Minister's Cabinet

31 July 2019

The full list of all ministerial and government appointments following Boris Johnson becoming Prime Minister has been published.

Her Majesty's Government: July 2019

Prime Minister, First Lord of the Treasury and Minister for the Civil Service and Minister for the Union

- Rt Hon Boris Johnson MP

HM Treasury

- Chancellor of the Exchequer – Rt Hon Sajid Javid MP
- Chief Secretary to the Treasury – Rt Hon Rishi Sunak MP*&**
- Financial Secretary to the Treasury – Jesse Norman MP
- Economic Secretary to the Treasury – John Glen MP†
- Exchequer Secretary to the Treasury – Simon Clarke MP†

Foreign and Commonwealth Office

- Secretary of State for Foreign and Commonwealth Affairs, and First Secretary of State – Rt Hon Dominic Raab MP
- Minister of State – Rt Hon Christopher Pincher MP
- Minister of State – Rt Hon Dr Andrew Murrison MP (jointly with the Department for International Development)
- Minister of State – Andrew Stephenson MP (jointly with the Department for International Development)
- Minister of State – Lord Ahmad of Wimbledon
- Parliamentary Under Secretary of State – Heather Wheeler MP

Home Office

- Secretary of State for the Home Department – Rt Hon Priti Patel MP
- Minister of State – Rt Hon Brandon Lewis MP**
- Minister of State – Kit Malthouse MP
- Minister of State – Baroness Williams of Trafford (jointly with the Department for Work and Pensions (Minister for Equalities))
- Parliamentary Under Secretary of State – Victoria Atkins MP (jointly with the Department for Work and Pensions (Minister for Women))
- Parliamentary Under Secretary of State – Seema Kennedy MP

Cabinet Office

- Chancellor of the Duchy of Lancaster – Rt Hon Michael Gove MP
- Paymaster General, and Minister for the Cabinet Office – Rt Hon Oliver Dowden CBE MP**
- Minister of State – Rt Hon Jake Berry MP (jointly with the Ministry of Housing, Communities and Local Government)**
- Parliamentary Secretary – Chloe Smith MP
- Parliamentary Secretary* – Kevin Foster MP (jointly with the Wales Office; and Assistant Government Whip (paid))
- Parliamentary Secretary – Simon Hart MP
- Parliamentary Secretary– Johnny Mercer MP (jointly with the Ministry of Defence)

Ministry of Justice

- Lord Chancellor (paid), and Secretary of State for Justice* – Rt Hon Robert Buckland QC MP
- Minister of State – Lucy Frazer QC MP
- Parliamentary Under Secretary of State – Wendy Morton MP
- Parliamentary Under Secretary of State – Edward Argar MP

Department for Exiting the European Union

- Secretary of State for Exiting the European Union – Rt Hon Stephen Barclay MP
- Minister of State – Lord Callanan
- Parliamentary Under Secretary of State – James Duddridge MP

Ministry of Defence

- Secretary of State for Defence – Rt Hon Ben Wallace MP
- Minister of State – Rt Hon Mark Lancaster TD MP
- Minister of State – Baroness Goldie DL*
- Parliamentary Under Secretary of State – Anne-Marie Trevelyan MP
- Parliamentary Under Secretary of State – Johnny Mercer MP (jointly with the Cabinet Office)

Department of Health and Social Care

- Secretary of State for Health and Social Care – Rt Hon Matt Hancock MP
- Minister of State – Chris Skidmore MP
- Minister of State – Caroline Dinenage MP
- Parliamentary Under Secretary of State – Jo Churchill MP
- Parliamentary Under Secretary of State – Nadine Dorries MP
- Parliamentary Under Secretary of State – Baroness Blackwood of North Oxford

Department for Business, Energy and Industrial Strategy

- Secretary of State for Business, Energy and Industrial Strategy – Rt Hon Andrea Leadsom MP
- Minister of State – Rt Hon Kwasi Kwarteng MP**
- Minister of State – Rt Hon Jo Johnson MP (jointly with the Department for Education)**
- Parliamentary Under Secretary of State – Kelly Tolhurst MP
- Parliamentary Under Secretary of State – Nadhim Zahawi MP*
- Parliamentary Under Secretary of State – Lord Duncan of Springbank (jointly with the Northern Ireland Office)

Department for International Trade

- Secretary of State for International Trade, and President of the Board of Trade – Rt Hon Elizabeth Truss MP
- Minister of State – Conor Burns MP
- Parliamentary Under Secretary of State – Graham Stuart MP

Department for Work and Pensions

- Secretary of State for Work and Pensions, and Minister for Women and Equalities – Rt Hon Amber Rudd MP
- Minister of State – Justin Tomlinson MP
- Parliamentary Under Secretary of State – Mims Davies MP
- Parliamentary Under Secretary of State – Guy Opperman MP
- Parliamentary Under Secretary of State – Will Quince MP
- Parliamentary Under Secretary of State – Baroness Stedman-Scott OBE
- Minister of State (Minister for Equalities) – Baroness Williams of Trafford (jointly with the Home Office)
- Parliamentary Under Secretary of State (Minister for Women) – Victoria Atkins MP (jointly with the Home Office)

Department for Education

- Secretary of State for Education – Rt Hon Gavin Williamson CBE MP
- Minister of State – Rt Hon Jo Johnson MP (jointly with the Department for Business, Energy and Industrial Strategy)**
- Minister of State – Rt Hon Nick Gibb MP
- Parliamentary Under Secretary of State – Kemi Badenoch MP
- Parliamentary Under Secretary of State – Lord Agnew of Oulton DL*

Department for Environment, Food and Rural Affairs

- Secretary of State for Environment, Food and Rural Affairs – Rt Hon Theresa Villiers MP
- Minister of State – Dr Therese Coffey MP
- Minister of State – George Eustice MP
- Parliamentary Under Secretary of State – Zac Goldsmith MP (jointly with the Department for International Development)
- Parliamentary Under Secretary of State – Lord Gardiner of Kimble

Ministry of Housing, Communities and Local Government

- Secretary of State for Housing, Communities and Local Government – Rt Hon Robert Jenrick MP
- Minister of State – Rt Hon Esther McVey MP**
- Minister of State – Rt Hon Jake Berry MP (jointly with the Cabinet Office)**
- Parliamentary Under Secretary of State – Luke Hall MP
- Parliamentary Under Secretary of State – Viscount Younger of Leckie

Department for Transport

- Secretary of State for Transport – Rt Hon Grant Shapps MP
- Minister of State – Chris Heaton-Harris MP
- Minister of State – George Freeman MP
- Parliamentary Under Secretary of State* – Nusrat Ghani MP (and Government Whip (paid)
- Parliamentary Under Secretary of State – Paul Maynard MP
- Parliamentary Under Secretary of State – Baroness Vere of Norbiton

Northern Ireland Office

- Secretary of State for Northern Ireland – Rt Hon Julian Smith MP
- Minister of State – Rt Hon Nick Hurd MP (and Minister for London)
- Parliamentary Under Secretary of State – Robin Walker MP (jointly with Scotland Office)
- Parliamentary Under Secretary of State – Lord Duncan of Springbank (jointly with the Department for Business, Energy and Industrial Strategy)

Scotland Office

- Secretary of State for Scotland – Rt Hon Alister Jack MP
- Parliamentary Under Secretary of State* – Colin Clark MP (and a Government Whip*)
- Parliamentary Under Secretary of State – Robin Walker MP (jointly with the Northern Ireland Office)

Wales Office

- Secretary of State for Wales – Rt Hon Alun Cairns MP
- Parliamentary Under Secretary of State* – Kevin Foster MP (jointly with the Cabinet Office; and Assistant Government Whip (paid))

Office of the Leader of the House of Lords

- Lord Privy Seal, and Leader of the House of Lords – Rt Hon Baroness Evans of Bowes Park
- Minister of State (Deputy Leader of the House of Lords) – Rt Hon Earl Howe*

Department for Digital, Culture, Media and Sport

- Secretary of State for Digital, Culture, Media and Sport – Rt Hon Nicky Morgan MP
- Minister of State – Nigel Adams MP
- Parliamentary Under Secretary of State – Rebecca Pow MP
- Parliamentary Under Secretary of State – Matt Warman MP
- Parliamentary Under Secretary of State – Baroness Barran MBE*

Department for International Development

- Secretary of State for International Development – Rt Hon Alok Sharma MP
- Minister of State – Rt Hon Dr Andrew Murrison MP (jointly with the Foreign and Commonwealth Office)
- Minister of State – Andrew Stephenson MP (jointly with the Foreign and Commonwealth Office)
- Parliamentary Under Secretary of State – Zac Goldsmith MP (jointly with the Department for Environment, Food and Rural Affairs)
- Parliamentary Under Secretary of State – Baroness Sugg CBE

*unpaid
**attends Cabinet
† paid as a Parliamentary Secretary

Other appointments are detailed on GOV.UK - Ministerial appointments: July 2019.

Back to ***Contents***

The cost of whistleblowing

21 August 2019

The All Party Parliamentary Group (APPG) for whistleblowing has recommended the formation of an Independent Office to transform the way both society and organisations react to whistleblowing.

With increasing focus on organisational culture and new global laws and regulations to support transparency and whistleblowers, the APPG says the UK needs a comprehensive, transparent and accessible framework and an organisation that will support whistleblowers and whistleblowing.

Whistleblowing continually makes the headlines around the world and the APPG report highlights that what does not always reach the headlines is the appalling and unlawful treatment of the whistleblowers who by just doing the right thing risk everything to protect others.

The APPG report 'Whistleblowing; The Personal Cost of Doing the Right Thing and the Cost to Society of Ignoring it'. shines a light on a culture that too often supports the covering up of wrongdoing and the penalising of whistleblowers.

Despite acceptance that whistleblowers are the single most cost effective and important means of identifying and addressing wrongdoing, they become the target of retaliation by organisations determined to protect their reputation.

In this report, the APPG sets out its findings:

- The UK regulatory framework of whistleblower protection is complicated, overly legalistic, cumbersome, obsolete and fragmented.
- The remedies provided by The Public Interest Disclosure Act (PIDA) are mainly retrospective and largely not understood.
- A general obligation for public and private organisations to set up whistleblowing mechanisms and protections is missing.
- The definition of whistleblowing and whistleblowers is too narrow. Consequently, the protections set by the law apply only to a limited number of citizens and do not properly reflect existing working practice or protect the public.
- As a result of the excessive complexity and fragmentation of the regulatory framework, there is little public knowledge or understanding of the existing legal protections for whistleblowers.
- That policy and procedure, while looking good on paper, bears no resemblance to actual practice.
- There is a disconnect between what is understood to be and what is the role of the prescribed persons leading to confusion, mistrust on both sides and allowing crimes and other wrongdoing to escape scrutiny.
- The cost of litigation is too great for most citizens and this is known and exploited by employers.

Did you know?
The notion of drawing attention to wrongdoing by 'blowing the whistle' originates from the Metropolitan Police Force who in February 1884 issued 21,000 whistles - the nineteenth century mobile phone. The effectiveness of blowing the whistle can be seen to this day on sports fields around the world. A whistle remains the most effective means of being heard above the crowd and drawing attention to an issue.

In 1998 the UK became the first EU nation to introduce legal rights and protections for whistleblowers when Sir Richard Shepherd introduced The Public Interest Disclosure Act (PIDA). While ground-breaking it has failed in its most important role - to protect the whistleblower - perhaps because 'Whistleblowing' still has no definition in law. It is however generally understood to be an act by an individual or individuals that exposes wrongdoing or perceived wrongdoing on the part of an organisation of any kind.

The APPG has made recommendations in its report that will help shape the future of not only workers but all citizens by proposing an Independent Office for the Whistleblower that will transform the way both society and organisations react to whistleblowing.

Back to ***Contents***

DWP consultation engagement events – 'Health is everyone's business'

21 August 2019

The Department for Work and Pensions is running consultation engagement events around the country to discuss the consultation 'Health is everyone's business'.

Each year more than 100,000 people leave their job following a period of sickness absence lasting at least four weeks.

Offering flexibility, early support and occupational health advice are the key to successful retention in the workplace.

Government know that many employers already see the case to invest in health and wellbeing. But some, particularly smaller employers, might not have the knowledge or time to support their employees with health conditions, even when they want to.

The Government's consultation seeks to address these challenges and is focussed on four main areas:

1. Amending the legal framework to encourage early action to support individuals when they are absent from work and to facilitate more conversations to agree effective workplace modifications;
2. Reforming of Statutory Sick Pay (SSP) so that it is better enforced, more flexible, and support the lowest paid employees;

3. Measures to improve availability of high-quality, cost-effective occupational health (OH) services for employers; and
4. Improving advice and support from government for employers to understand and act on their responsibilities.

Your views will be invaluable in helping government to understand the implications of any reforms and how any potential changes can be best implemented in the future. This will be vital in ensuring government provides employers and employees with the most effective support going forward.

The event has been designed to:

- Deepen your understanding of Government's role in this agenda
- Give you the chance to discuss the potential changes with other businesses in your area.

You can join officials from the Department for Work and Pensions and the Department of Health and Social Care at one of the events below, for an interactive discussion on the consultation. Please register your details if you would like to attend.

London
Royal College of Occupational Therapists
12/9/19
08:30- 10:30
Register here

Sheffield
University of Sheffield
5/9/19
08:30 – 12:00
Register here

Pontypridd
University of South Wales
3/9/19
08:30 – 10:30
Register here

Edinburgh
Victoria Quay
20/09/19
08:30 – 10:30
11:30 – 13:30
Register here

CIPP comment
The CIPP Policy team has produced a survey to gather your views about the proposals to adapt the SSP scheme to allow for phased return together will partial payment of SSP and pay during that period. Please take a few minutes to help inform our response

Back to ***Contents***

Brexit: Queen's Speech central to Withdrawal Agreement

29 August 2019

The Prime Minister has spoken to The Queen to request an end to the current parliamentary session in the second sitting week in September, with the second session of Parliament to commence with a Queen's Speech on Monday 14 October.

PM, Boris Johnson, has briefed Cabinet colleagues that the government will bring forward an ambitious new legislative programme for MPs' approval, and that the current parliamentary session will be brought to an end.

A central feature of the legislative programme will be the government's number one legislative priority - if a new deal is forthcoming at European Council - to introduce a Withdrawal Agreement Bill and move at pace to secure its passage before 31 October.

The decision to end the current parliamentary session - the longest in close to 400 years and in recent months one of the least active - will enable the Prime Minister to put a fresh domestic programme in front of MPs for debate and scrutiny while also ensuring that there is good time before and after the European Council for Parliament to further consider Brexit issues. Votes on the Queen's Speech are likely to fall on Monday 21 and Tuesday 22 October.

Through a Queen's Speech, the government will seek to strengthen public services, improve infrastructure and connectivity across the country, tackle crime and enhance the integrity of the criminal justice system, while protecting our natural environment for the long-term.

The Prime Minister said:

"…I believe it is vital that Parliament is sitting both before and after European Council and if, as I hope, a deal with the EU is forthcoming, Parliament will then have the opportunity to pass the Withdrawal Agreement Bill required for ratification ahead of 31 October."

Back to ***Contents***

Spending Round - £13.8 billion more for public services

9 September 2019

In the Spending Round Chancellor Sajid Javid declared the end of austerity and said a 4.1% rise in real-terms day-to-day spending is the biggest increase in 15 years.

The Chancellor set out departmental spending plans for 2020-2021 to deliver on the public's priorities, including health, education, and security.

Public spending will rise to 38.6% of GDP in 2020/21, up from 38.1% last year and 38.3% this year. The announcement includes a £6.2bn increase in NHS funding; a £7.1bn boost for education spending by 2022/23; £750m for recruiting 20,000 new police officers; a 6.3% increase for Home Office spending; a 2.6% boost for the Ministry of Defence; and confirmation of an additional £2bn in Brexit preparation funding.

To summarise here are the key announcements from the Spending Round:

This is the fastest planned increase in day-to-day departmental spending in 15 years
Day-to-day departmental spending will now grow by 4.1% above inflation in 2020-21 compared to the previous year. For the first time since 2002, no government department will see a cut to its day-to-day budget.

There is £13.8 billion more for public services
Compared to the previous year, departments will get a £13.8 billion real term increase in day-to-day spending to deliver on the public's priorities.

This is a fast-tracked spending round so departments can focus on delivering Brexit
This Spending Round concentrates on departmental budgets for 2020-2021. The next multi-year Spending Review will be carried out in 2020.

Money for schools is going up
Increase in funding means that every secondary school will be allocated a minimum of £5,000 per pupil by 2020-21, and every primary school £4,000 per pupil by 2021-22.
There is over £700 million extra funding to support children and young people with special educational needs compared to 2019-20 funding levels, and £400 million to train and teach more than a million 16 to 19-year olds the skills they need for well-paid jobs in the modern economy.

Promises to the NHS are being delivered
Reaffirms the government's commitment to the NHS, giving it a cash increase of £33.9 billion a year by 2023-24 compared to 2018-19 budgets.
A new £1,000 personal development budget over 3 years for every nurse, midwife and allied health professional.

There is an extra £1.5 billion for social care
Councils will have access to a further £1.5 billion for social care – £1 billion through a new grant and £500 million through the adult social care precept.

20,000 more police officers will be recruited to keep our streets safe
The most generous settlement the Home Office has received in the last 15 years will help fund the government's commitment to recruit 20,000 additional police officers, and tackle child sexual exploitation.

The crackdown on crime will be supported by 10,000 additional prison places
Extra funding to begin delivery of the 10,000 additional prison places, improve security in prisons, and support the ongoing reform of the probation system.

The Armed Forces will get a £2.2 billion funding boost
£2.2 billion in additional funding made available for the UK's world-class Armed Forces. This ensures the government will continue to exceed its commitment to grow the defence budget by 0.5% in real terms, with the UK continuing to exceed the NATO target.

Over £200 million will be spent to transform bus services
A £490 million cash increase in the UK's vital transport network - includes extra funding to make buses more environmentally friendly, rail track maintenance to ensure more reliable journeys, and continued support for development of major projects.

There is Brexit funding for after the UK has left the EU
£2 billion in 2020-21 will help the UK to establish a new relationship with the EU and capitalise on the opportunities created by Brexit.

Decarbonisation, air quality, and biodiversity will get a £90 million funding boost
Additional funding to accelerate decarbonisation schemes, improve air quality and to protect and enhance biodiversity. At least £250 million will also be provided to the international climate and environment funds, including the Green Climate Fund.

Public services are being funded while keeping control of the public finances
More money to support vital public services while being delivered within the government's existing fiscal rules. The government will review the fiscal framework alongside an updated economic and fiscal forecast and set out a new economic plan at the Budget.

The Spending Round can be read in full on GOV.UK.

Back to ***Contents***

Prime Minister announces a loan charge review

10 September 2019

HMRC has put disguised remuneration loan charge settlements on hold following Prime Minister's Questions last week The Telegraph reports.

The Prime Minister was asked if he was going to take action on the loan charge, a promise he had made in his leadership campaign. *"It is a very, very difficult issue and what I have undertaken to do is have a thorough review"* he said.

Disguised remuneration
schemes are schemes which pay users their income in the form of loans. The loans were never intended to be repaid, so they are no different to normal income and are taxable.

The charge on outstanding disguised remuneration loans – known as the 'loan charge' - was introduced to tackle the use of disguised remuneration schemes and came into effect on 5 April 2019. The charge applies to all loans made since 6 April 1999 if they are still outstanding on 5 April 2019 and the recipient has not settled the tax due.

The legislation added a 45% non-refundable charge on all loans advanced through the schemes – some of them dating back to 20 years ago – unless the individual had agreed with HMRC to settle their tax affairs by midnight on 5 April.

Since the loan charge was announced at Budget 2016, HMRC has agreed settlements on disguised remuneration schemes with employers and individuals worth more than £1 billion. Around 85% of this came from settlements with employers and 15% from settlements with individuals.

Back to ***Contents***

DWP change at the top - Secretary of State for Work and Pensions

11 September 2019

Thérèse Coffey MP has replaced Amber Rudd as Secretary of State for Work and Pensions.

Thérèse Coffey MP was previously Minister of State at the Department for Environment, Food and Rural Affairs between 25 July 2019 and 8 September 2019.

She was previously Parliamentary Under Secretary of State at the Department for Environment, Food and Rural Affairs from 17 July 2016 to 25 July 2019. She was elected the Conservative MP for Suffolk Coastal in May 2010.

The Secretary of State has overall responsibility for the Department for Work and Pensions (DWP). They have direct responsibility for departmental expenditure and departmental management.

DWP is responsible for the administration of the State Pension and working age benefits system, providing support to:

- people of working age
- employers
- pensioners
- families and children
- disabled people

Health is everyone's business: proposals to reduce ill health-related job loss

The DWP together with Department of Health and Social Care are currently seeking views on different ways in which government and employers can take action to reduce ill health-related job loss. In the Health is everyone's business consultation which closes on 7 October 2019.

Back to ***Contents***

Plans to raise primary and secondary teachers' salaries by 2022

6 September 2019

Salaries for new teachers are set to rise to £30,000 by 2022-23, under government plans for the biggest reform to teacher pay in a generation.

Education Secretary Gavin Williamson announced the plans, underlining his determination to recognise teaching as the high-value, prestigious profession it is.

The move would make starting salaries for teachers among the most competitive in the graduate labour market, building on the above-inflation average pay increases for teachers in the last two years.

Mr Williamson will set out his proposal to increase teachers' starting salaries by up to £6,000 in a remit letter to the School Teachers' Review Body (STRB), asking for their recommendations on raising the starting salaries of new teachers as well as next year's pay award.

The Education Secretary will also ask for the STRB's recommendations on additional pay reform, including the introduction of progression points in pay. Progression will continue to be linked to performance ensuring the investment best supports the recruitment and retention of the most talented recruits into classrooms.

Teacher's Pension Scheme
The Teacher's Pension Scheme is also one of the most generous on offer. From September, the government will be fully funding increased contributions into the scheme, so that school leaders can focus as much of their resources as possible on the front line. It means teachers will get an employer contribution of 23.6% on top their salary towards their pension every year to ensure the scheme is fully funded.

Flexible working
To ensure teaching continues to be attractive as teachers' lives develop, a group of Ambassador Schools to champion flexible working are set to be introduced.

These will be responsible for sharing good practice on how to successfully implement flexible working in schools, utilising case studies and practical resources for teachers and school leaders. Once fully rolled out, these will form part of an overall flexible working toolkit.

Back to ***Contents***

Disguised remuneration: Independent loan charge review

13 September 2019

The Chancellor, Sajid Javid, has commissioned an independent review of the Disguised Remuneration Loan Charge. The loan charge remains in force during the review.

The Loan Charge was introduced to tackle contrived tax avoidance schemes where a person's income is paid as a loan and not repaid. The government is clear that disguised remuneration schemes don't work and their use is unfair to the 99.8% of taxpayers who did not use these schemes.

However, the government recognises that concerns have been raised about the Loan Charge policy as a mechanism for drawing a line under these schemes.

The independent review will be led by Sir Amyas Morse, former Chief Executive and Comptroller and Auditor General of the National Audit Office. The review will focus on the impact of the Loan Charge on individuals who have directly entered into disguised remuneration schemes.

The review will report and provide independent recommendations to the government by mid-November. While the review is ongoing, the Loan Charge remains in force, in line with current legislation.

The Terms of Reference for the independent loan charge review have been made available.

The government will consider and respond to the outcome of the Review once it has concluded.

Follow this link to find out what it means for you if you have used a disguised remuneration scheme and are affected by the loan charge.

Back to ***Contents***

New flexi job search site launched by government

17 September 2019

A new website has been launched which uses technology to gather in the region of 50,000 job adverts, all specifically designed with flexi working in mind.

Launched by the former Work and Pensions Secretary, Amber Rudd, the site advertises a huge range of jobs that are advertised as flexible; from head chefs, teachers and party planners to bookkeepers, cab drivers and web developers –opportunities aplenty.

Both full time and part time roles are on offer and contract types are categorised into permanent, temporary, contract and apprenticeship. They are also broken down into categories of job type and location in the UK and which roles are 'disability confident'.

Amber Rudd said:

"The balancing act parents perform isn't easy. For many, it's when kids start school that mums – and dads – look to get their careers back on track.

Still wanting to put your kids first often means work comes second – it has to fit your life and work for your family. So finding good, flexible work is so important – which is why I'm making it easier.

I want parents to know that I'm backing them, by ensuring that when they want to work, opportunities are available that fit into the world of the breakfast rush, packed lunches and school run."

Back to ***Contents***

GOV.UK content feedback

16 September 2019

Many of us have experience of seeing areas of GOV.UK guidance where the information is either incorrect or misguiding or simply not detailed enough. GOV.UK needs your feedback in these situations.

This contentious area was under discussion once more at the CIPP's recent Scottish National Conference in an open Q & A session with two members of HMRC's Customer Engagement Team.

The most efficient way to effect changes to any content on GOV.UK is to feedback directly on the page you have comments about. The CIPP urges anyone who sees any information that is incorrect to please report this using one of the following two options:

- The first is to respond to the 'Is there anything wrong with this page?' link which can be found at the bottom right of each page. When selected, it has two boxes, one asks 'What were you doing'? The other asks 'What went wrong'? This is anonymous but provides an instant report in to the Government Digital Service team who review feedback and, we are assured that subject to quantity of feedback, will take corrective action.

- The second option is to provide feedback via the 'Contact section' which is found at the bottom of each page. Once on the contact page, use the GOV.UK form to send your questions or comments about the website. You can use the form to ask a question, report a problem or suggest an improvement to the GOV.UK team. It gives you the opportunity to provide a greater level of information. This method also asks for your contact details for a reply and if you provide an email address then GOV.UK will keep you updated of its progress directly.

Please keep your comments and feedback coming to the CIPP Policy & Research Team at policy or via the CIPP Advisory Service on 0121 712 1099.

Back to ***Contents***

Labour plan to introduce 32-hour working week whilst abolishing zero-hour contracts

3 October 2019

MP John McDonnell has pledged that the Labour party will implement a much shorter 32-hour average working week, which will have no detrimental impact on salaries, within the ambitious timescale of ten years.

Employee Benefits has reported that, whilst speaking at the 2019 Labour Party Conference, McDonnell declared, "We should work to live, not live to work" whilst outlining the party's plans for its next term in government. He pointed out that "millions are exhausted from overwork" and promised to eliminate the option for UK employees to opt out of the EU Working Time Directive, which currently means that staff can be coerced into working more than 48 hours per week, should their employer deem it necessary.

McDonnell also passed comment on the controversial issue of zero-hour contracts and advised that they would be abolished to ensure that employees have guaranteed working hours and therefore enough income to realistically live on. In addition to this, he asserted that the National Living Wage would be increased to at least £10 an hour, again reiterating this requirement for a reasonable minimum income to survive on.

Back to ***Contents***

Sajid Javid's pledge to hike national living wage will be in two phases

9 October 2019

As reported in CIPP's news online, Sajid Javid vowed to increase the national living wage to £10.50 and also promised that this would no longer be restricted to those over the age of 25 but eventually to any employee aged 21 and over.

The delivery of the decrease to the national living wage age will be rolled out in two steps – the first of which is in 2021, when the national living wage will be accessible to anybody aged 23 and over. Then there will be a second phase, and in 2024 anyone from the age of 21 will be eligible for pay of £10.50 per hour as a legal minimum requirement.

The Guardian reported on this and noted that the move will require amendments to secondary legislation but no changes to standard legislation as the figures are proposed by the low pay commission, an advisory body sponsored by the Department for Business, Energy & Industrial Strategy (BEIS).

Back to ***Contents***

HMRC receive influx of incorrect 'Disguised Remuneration' Full Payment Submissions

18 October 2019

In the most recently published bulletin, HMRC have advised that they have received numerous Full Payment Submissions (FPS) from employers in relation to Disguised Remuneration payments.

There is guidance around the correct reporting of Disguised Remuneration payments here.

The only scenarios where loans should be reported are where employees have been paid in the form of a loan to escape attracting tax and National Insurance liabilities, or where loan amounts are outstanding and subject to the 'loan charge'.

If an employee receives a cash advance or a genuine employee loan which will be paid back in its entirety, this is not classed as 'Disguised Remuneration' and so shouldn't be reported under this umbrella.

Back to ***Contents***

Budget scheduled for 6 November cancelled ahead of Boris Johnson's announcement that he will push for general election

25 October 2019

The plans for the Chancellor, Sajid Javid to deliver a Budget on 6 November have been shelved as Boris Johnson revealed that he would push for a general election to be held on 12 December. The move was confirmed in a letter from the Chancellor to the Treasury Select Committee, that was published on 25 October 2019.

The Budget date was only provisional and assumed that a Brexit deal would be agreed prior to the intended leave date of 31 October. It was advised along with the announcement of the date that should there be a no-deal Brexit, a 'simple economic statement' would be provided in place of the Budget. In the event of a new government being introduced, however, the Finance Bill would need to be completely remodelled and overhauled to reflect the values of the party that wins the general election.

Boris Johnson has allowed MPs extra time, up until 6 November, to scrutinise and eventually, sign, his Brexit deal but on the proviso that they agree to his demands for a general election to be held before the end of the year. If the election is to go ahead, it would be the first December election in almost 100 years.

Back to ***Contents***

What is purdah?

6 November 2019

Ahead of the pre-Christmas general election scheduled for 12 December, it has been confirmed that parliament will dissolve on 6 November. At this point, we will enter a period of purdah – but what exactly does this mean and who does it affect?

Purdah is the pre-election period in which civil servants are expected to refrain from making any announcements that concern new or controversial government initiatives. They are also required to remain impartial in their political stance during this time. The reasoning behind this is to ensure that any comments do not serve to advantage or, even, disadvantage any of the political parties in the run up to the election.

The Cabinet Office circulates guidance prior to each election and the latest version can be found here. Purdah was also imposed before the referendum was held back in 2016.

While purdah does not have a direct impact on payroll professionals as such, it does have implications for the Policy & Research team here at the CIPP. Meetings scheduled with government departments are often cancelled as officials sometimes feel it's pointless to arrive at a session where they cannot discuss the items originally intended on the agenda.

Wider implications of the general election mean that any petitions that are currently running will close prior to the dissolution of parliament and that it will be the decision of a new petitions committee as to whether they will be debated or not, as the current group will disband. Any bills currently progressing through parliament will be abandoned, unless they are carried over, or will have to be presented again from scratch.

Back to ***Contents***

The CIPP's general election factsheet is now available

2 December 2019

In preparation for the upcoming general election on 12 December 2019, the CIPP has produced a factsheet that gathers some of the pledges of the Conservatives, Labour and the Liberal Democrats surrounding key issues within society today.

The Policy team has trawled through each manifesto in full and have identified any areas that may be of particular interest to payroll professionals, which have been assembled into a useful table entitled 'Payroll specific pledges'. There is a separate table beneath this that provides a more general overview of some of the key proposals from each party. This table is called 'Main political pledges.'

Please note that this is not an exhaustive list of the proposals from each political party but is intended to provide an overview of some of the topics that may affect payroll departments most in the future.

The factsheet can be located in the CIPP's Resource library.

Back to ***Contents***

When will the Budget be held?

12 December 2019

The Budget was initially scheduled to be held on 6 November 2019 with Sajid Javid at the helm but was postponed due to the call for a general election, which is now taking place on 12 December 2019.

The situation has left many payroll and finance professionals wondering when the Budget will be delayed until, and how this will affect them in their roles. This is all dependent on who wins the election and whether there is a coalition government or not.

The Conservatives have confirmed that, should they be re-elected, they will not hold a Budget until February 2020 as they intend to complete Brexit on 31 January 2020 and releasing a Budget prior to that point seems redundant. Labour shadow chancellor, John McDonnell has also confirmed a February Budget and in the event of a Labour win, this will go ahead on 5 February 2020.

As the new tax year begins on 6 April 2020, this leaves very little time for software developers to make amendments to thresholds within payroll systems and a very small timeframe for payrollers to prepare for the upcoming changes. A popular theory is that, due to time constraints, new tax rates and limits won't be applied until 18 May 2020. This used to be the way of implementing changes at the turn of a tax year for a brief period prior to the current process in which new thresholds take effect from 6 April each year.

Nothing is currently set in stone and everything is subject to change. We do not know who will win the election and we therefore do not know if there will be any changes to tax or NI thresholds, or both! Hopefully once the results of the election have been released on 13 December 2019, there will be more clarity on the issue for payroll and finance professionals ahead of the Christmas period.

Back to ***Contents***

Queen's Speech December 2019: Key points for payroll professionals

20 December 2019

As a result of the Conservative party being re-elected last week, the Queen delivered a speech on 19 December 2019 that sets out the government's policies and proposed legislative programme for the new parliamentary session. The speech was not significantly different from the one delivered in October but the CIPP has selected some of the key points from the background briefing notes that may be of particular interest to payroll professionals.

The four key areas of interest for payrollers would be proposals covered in the Employment Bill, the Pension Schemes Bill, the section of the document that discusses the cost of living and English devolution.

The Employment Bill will 'protect and enhance workers' rights as the UK leaves the EU.' There is a focus on encouraging fairness in the workplace along with the promotion of flexible working and in strengthening workers' ability to get redress for poor treatment by creating a new, singular enforcement body. This builds on the work of Matthew Taylor and the Good Work Plan. There will be better support in place for working families and additional measures to protect those in low-paid work.

The Pension Schemes Bill aims to 'support pension saving in the 21st century, putting protection of people's pensions at its heart.' A framework will be established for the implementation of pension dashboards, so that people can better predict what income they can expect to receive in later life. The Bill also proposes that The Pensions Regulator (TPR) will have greater powers to tackle and combat non-compliance with legislation around auto-enrolment and pension duties.

Within the briefing notes, there is much discussion relating to English devolution. This means that the different regions across England will choose how to allocate how investment is spent, as the priorities of one nation may drastically differ from those of another.

The Chancellor, Sajid Javid has pledged that the National Living Wage will increase to an expected £10.50 an hour by 2024 and will be available to those aged 21 and over within five years. The government has stated that they will raise

the National Insurance threshold to £9,500 next year, and they will establish a £1 billion fund to help towards high quality, affordable childcare.

Back to ***Contents***

Revisiting the Queen's speech: Employment Bill

23 December 2019

A brief overview of the Queen's Speech delivered on 19 December 2019 has been published on the CIPP's News Online page but the Policy team wanted to revisit some of the areas that will have the largest impact on payroll professionals and look at them in more detail.

The Employment Bill, discussed in the Queen's Speech background briefing notes provides some interesting insights into some of the changes that will come into effect for both employees and employers.

There is emphasis placed on the establishment of a new single enforcement body. The government published a consultation surrounding this topic, which ran from July to October 2019 and sought feedback on whether establishing a new single enforcement body for employment rights could improve enforcement for vulnerable workers and create a level playing field for the majority of businesses who are complying with the law. We are still awaiting a published response in relation to the consultation but the reference to the new singular enforcement body within the Employment Bill is a good indicator that this is something that the government is planning on implementing in the future.

The (Allocation of Tips) Bill will also come into effect to ensure that the tips left for workers are paid out to them in full and will combat the practice where employers retain a percentage of the tips that employees have earned.

The Bill also discusses allowing parents to take extended leave for neonatal care, a policy that was discussed in the Good Work Plan: Proposals to support families consultation. Again, a response is still pending but the fact that it is present within the Employment Bill is positive news. The Bill also looks at making flexible working the default arrangement for employees and prioritising families in the workplace, which were key issues also addressed in the Good Work Plan consultation. It is very important in contemporary society that employees can balance having a family with going to work and the Employment Bill seems to wholeheartedly embrace that.

There are also elements to the Bill that look at allowing workers to request more predictable contracts and to extending redundancy protections to prevent pregnancy and maternity discrimination. Both pledges serve to protect some of the more vulnerable members of society, so zero-hour and agency workers and pregnant women.

It is encouraging that many of the items discussed within the Employment Bill relate to topics that are being revisited and shows that the government are intending to follow up on issues that they have previously gathered feedback on. There seems to be intense focus on ensuring that employee rights are protected, which is something that the CIPP really applauds.

Back to ***Contents***

Disguised remuneration guidance updated following the independent loan charge review

23 December 2019

HM Treasury has published its response to the Independent Loan Charge review, as a result of Sir Amyas Morse's independent report into the implementation of the loan charge policy.

The Government accepted all recommendations, with one exception, but maintained that the Loan Charge was a 'necessary' response to the tax avoidance schemes it was designed to tackle. The proposal that was rejected related to writing-off tax due on the loan charge after ten years where the Time to Pay period is longer than ten years. This was because it would remove the incentive for tax payers to pay back the debt and would also mean that individuals affected by the Loan Charge were being treated more favorably than those with other forms of debt, e.g. tax credit claimants.

Sir Morse's review accepted that the schemes were a form of tax avoidance but made proposals around improving the design of the charge and looked at how that would impact any affected individuals.

There are some fundamental amendments and they are listed below:

- The charge will only apply to outstanding loans made on, or after, 9 December 2010
- The loan charge will not apply to outstanding loans made in any tax years before 6 April 2016 where the avoidance scheme use was fully disclosed to HMRC and HMRC didn't take action
- People can opt to spread the amount of the outstanding loan balance across three tax years, as long as it is paid in equal instalments for each tax year. This should mean that the loan balance is not subject to higher rates of tax.
- HMRC will refund voluntary payments (voluntary restitution) already made to prevent the loan charge arising and include in a settlement agreement reached since March 2016 for any tax years where:

    - the loan charge no longer applies (loans made before 9 December 2010)
    - loans made before 6 April 2016 and the avoidance scheme use was fully disclosed to HMRC, who did not take any action.

There is a note that HMRC will not be able to process any refunds until the changes to the loan charge legislation have been enacted by Parliament.

Changes will also be implemented that give customers further flexibility over how they pay:

- If an individual does not have disposable assets and earns below £50,000, HMRC will allow Time to Pay for a minimum of five years. Where earnings are below £30,000, there will be a minimum of seven years. There is no maximum time limit for a Time to Pay arrangement but if somebody no longer needs to pay, they need to contact HMRC with relevant financial information.
- If an individual is utilising Time to Pay, there will be a 50% cap on disposable income unless that income is deemed as very high.

It is predicted that the new proposals will reduce bills for over 30,000 people who are affected by the Loan Charge, which equates to more than 60% of the total number of users. This is inclusive of approximately 11,000 people who will no longer be subject to the Loan Charge at all.
Draft legislation and further guidance will be released early next year, alongside a schedule for implementing the changes. It is expected that refunds will not be processed until Summer 2020 when the changes are enshrined in law. In scenarios where HMRC is aware that a customer has used a disguised remuneration avoidance scheme and has settled the tax due or has not, which could mean they are liable to pay the loan charge, they will receive written correspondence in early 2020 detailing how the changes will affect them.

Where customers have not filed their tax return or agreed a settlement with HMRC, they must submit a Self-Assessment tax return for tax year 2018-2019 by 31 January 2020 with an estimate of the tax figure due or file by 30 September 2020. HMRC has confirmed that it will waive penalties for late filing, payment and inaccuracies in respect of the loan charge entries in those returns. Late payment interest will not be required for the period from 1 February 2020 to 30 September 2020 as long as a return is filed and tax paid or an arrangement made with HMRC to do so by 30 September 2020.

There was also confirmation that a new HMRC team will be established to collect tax from those who used the avoidance schemes pre-2010.

Financial Secretary to the Treasury, Jesse Norman said:

"We welcome this careful and considered report, and I thank Sir Amyas and his team for their work.

There have been important public concerns about this policy, and that is why we commissioned this report and have responded so quickly to it.

The changes we are making go to the heart of Sir Amyas's concerns about the fairness and application of the Loan Charge, which he accepts in principle.

We also have plans under way to crack down further on the promoters of these avoidance schemes."

Further guidance is provided surrounding different scenarios for both employees and employers, and there is also a helpline available to those who may require additional support. The number to call is 03000 599110 and the opening hours are Monday to Friday 8:30 – 16:30, excluding bank holidays. Email support can be found at ca.loancharge@hmrc.gov.uk.

CIPP comment

Here at the CIPP, we really value hearing feedback from our members and the same applies to changes that will take effect due to the recommendations of the Loan Charge Review. If there is anything you would like to tell us, please email Samantha Mann at Samantha.Mann@cipp.org.uk

Back to ***Contents***

Budget date confirmed as 11 March 2020

8 January 2020

After the previous budget scheduled for 6 November 2019 was placed on hold due to the general election held in December, Sajid Javid has confirmed, after weeks of anticipation, that the budget will be held on Wednesday 11 March 2020.

The CIPP and payroll professionals have been eagerly awaiting the release of the budget date and welcome the fact that there is finally confirmation of when it is due to go ahead. The fact that it will take place in March when the new tax year commences on the sixth of the following month will prompt many to question if software developers and payroll departments will have sufficient time to plan and prepare for any changes. There are processes that can be implemented to deal with this, such as the practice of not applying new tax rates and limits (should there be any changes) until 18 May. This system has been used in the past.

This will be Chancellor Sajid Javid's first budget, the first since the general election and the first after Brexit, should the government's intentions to leave the EU on 31 January 2020 come to fruition.

Mr. Javid pledged that billions of pounds would be invested across the country, with a focus on the environment. Speaking to the BBC, he said:

"There will be an infrastructure revolution in our great country.

We set out in our manifesto during the election how we can afford to invest more and take advantage of the record low interest rates that we are seeing, but do it in a responsible way.

There will be up to an extra £100bn of investment in infrastructure over the next few years that will be transformative for every part of our country.

In the Budget, we will be setting out how we are going to take advantage of all the huge opportunities that Brexit will bring.

Also, how we are going to help hard-working people in particular - especially with the cost of living - and how we are going to level up across the entire country."

Back to ***Contents***

CIPP urges government ministers to publish National Insurance rates and thresholds

10 January 2020

With still no sign of the 2020-21 National Insurance rates and thresholds being published there is increasing concern that software developers and payroll departments will not have sufficient time to plan and prepare for any changes.

Earlier this week the CIPP discussed the issue with HMRC, and the CIPP has now contacted relevant high level government ministers stressing the urgency of this matter and urging them to publish the National Insurance rates and thresholds along with the statutory payment rates as soon as possible.

As soon as the information is available we will let you know.

Back to ***Contents***

Scottish budget plans to be confirmed on 6 February 2020

16 January 2020

The Scottish government will release its draft budget plans on 6 February 2020. Although Sajid Javid's UK budget is not being held until 11 March, the Finance Secretary, Derek Mackay, confirmed it would have been "impossible" to wait for the UK budget because councils and public services need confirmation in relation to funding levels.

A spokesman for the Treasury explained that it would work alongside Scottish ministers to give the fiscal information required. The intention is that the budget bill will pass through Scottish parliament within the space of a matter of weeks, to ensure that royal assent is granted with enough time for new tax arrangements to be implemented at the start of the new tax year.

Ordinarily, Mr Mckay would wait for the details of the UK budget to be released prior to announcing what his own plans are but commented:

"In these exceptional circumstances, created by the UK government, it is vital we give local authorities and public services clarity on their budgets. That is why we have made the decision to publish our budget in February which will allow local authorities to set their budgets and council tax before the legal deadline of 11 March.
I look forward to publishing a budget that will help tackle the global climate emergency, reduce child poverty and boost the economy."

He added that the timing of the UK budget was "completely unacceptable and has shown a disregard for devolution" but the UK government has maintained throughout that it can provide Scottish ministers with sufficient relevant information which would allow them to schedule a budget in a timeframe convenient for them.

The BBC confirmed that a spokesman for UK government said:

"Nothing stops the Scottish Parliament from passing their budget before the UK budget. We are working with the Scottish government as part of an agreed process to provide the information they need to prepare their budget.
At the spending round, we announced that the Scottish government's block grant will increase by £1.2bn next year."

Back to ***Contents***

New £10 weekly Scottish Child Payment to help approximately 170,000 children

20 January 2020

On 26 June 2019, the Scottish government announced that it would be using its devolved powers to offer a new benefit of £10 per week per child for children in lower income families.

The intention is that, from December 2020, the payment will be provided to all eligible families in Scotland with a child / children under the age of six, and this will extend to include all eligible families in Scotland with a child / children under the age of 16 by the end of 2022.

Families will be able to apply for the extra support, paid in addition to any child benefit payments, from Autumn 2020 by phone, online or in writing. It is hoped that by allowing applications to be made in advance in the Autumn, ahead of

when the payments are due to be made in the Winter, high demand can be managed effectively, and the process can be a smooth one.

The £10 per week allowance will be paid on a four-weekly basis and there is no limit on the number of children that the payment can be made for.

It has been estimated that roughly 170,000 children will be eligible for the Scottish Child Payment, across 140,000 households, which can be applied for alongside Best Start Foods and Best Start Grant Payments. It is hoped that by allowing individuals to apply for all of these benefits in one application, that it will be more straight forward for people to apply for and receive the money that they are entitled to.

Shirley Anne Somerville who is Social Security Secretary, said:

"The Scottish Child Payment has rightly been described as game-changing in terms of the potential to reduce child poverty. That is why we are doing everything we can to introduce this as early as possible, whilst ensuring we do so in a way that is safe and secure and protects implementation plans for the other social security benefits.

When we launched the Best Start Grant payments we experienced significant demand with 14,000 applications in the week that we opened the School Age Payment. With 170,000 children from approximately 140,000 households expected to qualify for Scottish Child Payment, eligibility is on a unprecedented scale and, as this is a recurring payment, it also brings additional complexity.

We are gearing up to process applications carefully, accurately and efficiently. We are building capacity across our processes, systems, premises and people. And with the roll-out plan, we are asking families to help us by getting their applications in early so that we can process and start making payments as quickly as possible once this new benefit has been introduced."

Back to ***Contents***

Scottish Budget 2020-2021 unveiled

7 February 2020

Against a backdrop of controversy, Kate Forbes became the first woman to deliver a budget, and laid out the Scottish government's spending plans for tax year 2020-2021.

Ms Forbes revealed that there will be no increase to any of the income tax rates for the next tax year, but that the basic and intermediate band thresholds would be increased in line with inflation. The higher and top rate thresholds will be frozen and remain unchanged. Ms. Forbes stated that this would mean that Scotland would be the place where people pay the lowest tax in the UK.

Band	Band name	Rate
£12,501 - £14,585	**Starter Rate**	19%
£14,586 - £25,158	**Scottish Basic Rate**	20%
£25,159 - £43,430	**Intermediate Rate**	21%
£43,431 - £150,000	**Higher Rate**	41%
Above £150,000	**Top Rate**	46%

Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000, in line with current tax rules.

There was also discussion of the fact that this Scottish Budget was being delivered under strange circumstances, and that the Scottish government had been required to make certain assumptions about the Barnett consequentials coming to Scotland, in light of the fact that the UK budget will not be delivered until 11 March 2020. This wasn't without its difficulties, but the budget could not be further delayed and was needed in order to inform councils and give an outline of the levels of spending they could come to expect for the tax year ahead.

A few areas of interest were:

- Funding to establish the Scottish Child Payment expected to help 287,000 children by 2024-2025, costing £162 million.
- £361 million invested in a new and improved Social Security System, which will make approximately £3.4 billion of financial support available to people throughout Scotland
- Pay rise of up to 3% for those working in the public sector who earn £80,000 and below
- £494 million to support government services
- 1% of GDP will be allocated to spend on tackling climate change
- Teachers to receive pay increase of a minimum of 13%, meaning that the starting annual salary for a fully qualified teacher would be £32,994
- £120m for a heat transition deal and capital funding of £151m for energy efficiency infrastructure
- An increase to the proportion of cash going to low carbon initiatives, with £1.8bn in capital investment
- An increase of almost 60% in funding to reduce harm from alcohol and drugs
- Funding of £15 billion for health and care services

The Scottish Budget document in its entirety can be located here.

Back to ***Contents***

Quick Poll – the effect of the delayed UK Budget on payroll departments

10 February 2020

The CIPP is running a new Quick Poll on its News Online page, which asks payroll professionals to consider what effect the delayed UK Budget date has had on their payroll department.

The original Budget was scheduled to take place on 6 November 2019 but then a snap general election held on 12 December 2019 postponed this. We are still awaiting the details of the UK Budget, which is due to be held on 11 March 2020. This is considerably later than the dates that Budgets have been delivered on in previous years, and the CIPP is inclined to discover whether this has had a considerable impact on payroll departments up and down the country.

The Chancellor of the Exchequer, currently Sajid Javid, will make his Budget statement to the House of Commons, which will outline the state of the economy and cascade the Government's proposals for amendments to taxation. This is then debated by the House of Commons, who also dissect the Finance Bill which will enact the Chancellor's proposals.

The CIPP appreciates that payroll professionals are very busy individuals, but if you could spare a moment to answer the Quick Poll, we would really appreciate it, as the more responses we receive, the better insight we can get into the effect (if any) of the delayed budget on payroll departments.

Back to ***Contents***

Sajid Javid has resigned as Chancellor of the Exchequer

14 February 2020

Following a post-Brexit cabinet reshuffle by prime minister, Boris Johnson, Sajid Javid has resigned as Chancellor of the Exchequer.

Mr. Javid was due to deliver his first Budget in just four weeks' time, on 11 March 2020. He had been named as Chancellor by Mr. Johnson in July 2019 when he first became prime minister.

A source, reported as being close to Mr. Javid by the BBC, commented:

"He has turned down the job of chancellor of the Exchequer.

The prime minister said he had to fire all his special advisers and replace them with Number 10 special advisers to make it one team.

The chancellor said no self-respecting minister would accept those terms."

It has since been announced that Rishi Sunak has been appointed as the new Chancellor of the Exchequer, having previously been Chief Secretary of the Treasury.

CIPP comment

The Budget, due to be delivered on 11 March 2020, seems to have been plagued by uncertainty. It was initially due to go ahead on 6 November 2019 but was postponed due to the snap general election held on 12 December 2019.

The Budget would have been the first to be delivered by Sajid Javid, and now Rishi Sunak will be taking on that responsibility.

Back to ***Contents***

The new Chancellor, Rishi Sunak, commits to delivering Budget on 11 March

19 February 2020

After last week's dramatic cabinet reshuffle, which saw Sajid Javid resign in his post as Chancellor of the Exchequer, whispers had been circulating that his successor, Rishi Sunak, would need to delay the planned 11 March Budget date. It has now been confirmed officially that the Budget will be delivered as planned, in mid-March.

The official confirmation of this will come as a massive relief to those in the payroll industry as there is widespread concern about the already delayed date of the Budget and the potential wider implications this could have. Software developers and payroll teams need to familiarise themselves with the outcome of the content of the Budget and introduce new information to software ahead of the new tax year on 6 April. There is already only approximately four weeks in which to do this based on the 11 March Budget date.

Mr. Sunak took to Twitter to post a picture of himself, with the caption, "Cracking on with preparations for my first Budget on March 11. It will deliver on the promises we made to the British people – levelling up and unleashing the country's potential."

As reported by The Guardian, it is understood that Mr. Javid's Budget plans were well developed, with substantial increases to spend on infrastructure planned, but with departmental budgets remaining relatively unchanged, but it is thought that Mr. Sunak will make drastic changes to some of these proposals. It is thought that he will relax budget constraints across Whitehall departments but is being pressed by others to increase taxes for the wealthiest in society to fund any extra spending.

The Budget was originally due to be held last November but was rescheduled due to the general election, which is why it is being held so much later than those delivered in recent years. By law, the Budget must be held by 5 April, so the timeframes surrounding the delivery of the Budget are already tight.

Back to ***Contents***

The Finance Bill 2020 will be published on 19 March

28 February 2020

The Financial Secretary to the Treasury, Jesse Norman, has confirmed that, following the Budget on 11 March, the Finance Bill will be published on 19 March.

Explanatory notes surro The Finance Bill 2020 will be published on 19 Marchunding the Bill will be made available on Gov.UK, and will also be found in the Vote Office, the Printed Paper Office and in the Libraries of House on 19 March.

A full statement of the Budget resolutions will be published following Rishi Sunak's Budget statement on 11 March.

Back to ***Contents***

Welsh government's final budget for 2020-21 approved

5 March 2020

The final Welsh budget, initially presented in draft back in December 2019, has been approved by Welsh Assembly Members.

There have been only minor amendments to the draft budget, and the Welsh Rates of Income Tax (WRIT) have been confirmed. A debate was held, and as a result of this, the Welsh Rate Resolution was made, which means that the Welsh Rates of Income Tax for 2020-21 are as follows:

- The proposed Welsh rate for the basic rate of income tax is 10p
- The proposed Welsh rate for the higher rate of income tax is 10p
- The proposed Welsh rate for the additional rate of income tax is 10p

43 Assembly Members voted in favour of the Welsh Rate Resolution, with six abstentions and one vote against it. The BBC reported on the day at Senedd, and confirmed that there is no difference in income tax that is payable for Welsh taxpayers, in comparison with the rest of the UK.

The budget in its entirety was approved with 27 voting for it, one abstention and 22 votes against.

Back to ***Contents***

BEIS consult on Carer's leave

18 March 2020

The Department for Business, Energy & Industrial Strategy has launched a consultation on Carer's Leave that proposes to provide unpaid carers with a new right to a week of leave.

The Consultation on Carer's Leave seeks views on a proposal to give employees a week of unpaid leave each year to provide care. It is hoped that stakeholder responses will help BEIS to understand:

- How carers use existing employment rights
- Who should be eligible to take the leave
- What the leave can be taken for
- How the leave would be available to take and the process for taking the leave
- The costs and benefits to employers and employees

Eligibility to take Carer's Leave should be based on facts that should be clear to the employee and their employer in each case, to avoid confusion or disagreements.

To achieve this clarity, the Government is considering three main criteria to define a 'carer' that would be eligible to take the leave:

- The employee's relationship to the person cared for
- The employee will have caring commitments which are longer-term or apply to specific situations where the need is significant;
- A qualifying period of continuous employment with their employer.

In line with existing employment rights, such as the right to request flexible working and time off for dependants, the proposed leave entitlement would apply to employees only.

CIPP comment

The CIPP policy and Research team will be submitting a written response to this consultation and will be producing a survey to gather member views – thank you in advance for your support of this consultation.

A Think tank 'roundtable' may also be arranged - which is likely to be held using remote video conferencing software. If you would like to express your interest please contact Samantha Mann CIPP Policy and Research Technical Lead at policy@cipp.org.uk.

Back to ***Contents***

HM Revenue & Customs

General HMRC News

Say goodbye to the Earlier Year Update

30 November 2018

HMRC Software Developer Support Team (SDST) have confirmed a long awaited timetable for the replacement to the Earlier Year Update (EYU).

The EYU will cease to be a valid submission from April 2020.

From the 20 April 2019 HMRC will extend the use of the RTI Full Payment Submission (FPS) to allow employers to continue to report revised year to date payment data after the deadline of 19 April.

This measure has long been awaited since RTI was rolled out and it will replace the current process used where an inaccuracy in payroll data has been identified after the end of the Tax Year but has not been corrected before the 19 April. Currently, in this instance, HMRC requires an employer to submit an Earlier Year Update (EYU) to correct the account. This process involves the employer calculating the difference between the original submission and the correct position for each employee by submitting the difference (the delta amount) on an EYU.

HMRC will be extending the use of the RTI Full Payment Submission (FPS) to allow employers to continue to report revised Year to Date (YTD) payment data after the current deadline of the 19th April, from April 2019, however the EYU will still be accepted for the 2018-19 tax year.

The aim is to simplify the process by removing unnecessary complexity and will align HMRC systems and employer payroll records sooner. During the transition year employers will need to choose one of these methods for amendments and continue with this for any further amendments to the year as required.

From April 2020 the EYU will no longer be a valid submission to make amendment to the Tax Year ending 05 April 2020 and any amendments will need to be made using an FPS.

Timetable summary

- Amendments to the Tax Year ending 05 April 2019 from 20 April 2019 – an EYU or FPS will be accepted. This is to be a pilot year and the use of the FPS after the year end will be voluntary.
- Amendments to the Tax Year ending 05 April 2020 (and future years) from 20 April 2020 – will be made by the submission of an FPS
- Amendments to Tax Years ending 05 April 2018 and earlier – will be made by the submission on an EYU

The Employer Payment Summary (EPS) will not be impacted by this change.

From 20 April 2020 onwards HMRC's Basic PAYE Tools software will be updated to allow customers to submit FPS's for the year ending 5 April 2020 and onwards, to report any amendments.

HMRC do not anticipate that any changes will be made to the format of the FPS when it is used after the 19 April following the year end. The FPS will provide an update to the last period reported, with a matching or later pay date for the individual, to indicate a change in the year to date figures.

CIPP comment

This welcome improvement has been long awaited and whilst it will not remove the challenge created for employers and HMRC by duplicate payments, it is in this space where it is hoped that greater clarity will be provided.

Back to ***Contents***

HMRC anti money laundering fee increase

8 April 2019

HMRC is introducing significant enhancements to its supervision and taking a more robust approach to tackling non-compliance with the Money Laundering Regulations. As a result the anti money laundering supervision fees are changing from 1 May 2019.

The recent Financial Action Task Force (FATF) mutual evaluation of the UK strongly commends the UK's understanding of money laundering risk, international cooperation, money laundering investigations, prosecutions and asset recovery efforts, where HMRC plays a central role. It also recommended a harder-edged approach to anti money laundering supervision in the UK and increased coverage of regulated businesses.

In continuing to strengthen its contribution to the UK's fight against the threat of anti money laundering and terrorist financing, HMRC is introducing significant enhancements to its supervision and taking a more robust approach to tackling non-compliance with the Money Laundering Regulations. Key improvements include:

- increasing the number of staff available for more face to face and desk-based interventions with registered and unregistered businesses
- providing more educational products and activity, including webinars and online-learning. Helping registered businesses to get things right first time

These enhancements come at a cost. HMRC's anti money laundering supervision fees are changing from 1 May 2019:

- the annual registration fee is increasing to £300 per premises for businesses with a turnover of £5,000 or above

- the annual registration fee is increasing to £180 for businesses with a turnover below £5,000

- the charge for fit and proper (F&P) testing is increasing to £150
- the approval check fee will remain at £40

All customers will pay the £300 premises fee when they renew. However, if their turnover is less than £5,000 they can apply for a reduction. Information on how to do this is on GOV.UK.

HMRC published a discussion document last year which invited comments on the fee structure. The summary of responses to this have been published on GOV.UK.

Back to *Contents*

Direct Recovery of Debts intervention – two year review

30 April 2019

A review of Direct Recovery of Debts (DRD) activity has been published which concludes that the DRD intervention has achieved its policy objectives and has provided HMRC with a crucial lever in tackling those debtors who deliberately choose not to pay their tax debts, while being able to afford to do so.

Direct Recovery of Debts (DRD) became operational in March 2016 and gives HM Revenue and Customs (HMRC) the power to recover established debts directly from debtors' bank and building society accounts.

The intervention targets those debtors who can and should pay, but have repeatedly refused to do so. The measure therefore helps HMRC achieve its objective of maximising collection of legally due tax revenue essential to the proper funding of vital public services, while ensuring a fair and level playing field for the vast majority of taxpayers who pay their taxes in full and on time.

When announced at Budget 2014, ministers agreed HMRC would provide Parliament with a full review of DRD after the policy had been operational for two years.

HMRC has now delivered that commitment by reviewing DRD activity from April 2016 until December 2018 and published the report 'Review of the direct debt recovery intervention'.

This report considers whether the key policy objectives - reducing tax debt owed by securing payment in full, ensuring a fairer tax system and providing better value for money - have been achieved through focusing on the following elements:

- effectiveness in collecting tax debt
- impact on debtors, including vulnerable taxpayers

HMRC is committed to identifying vulnerable customers and providing those customers with the extra support they need to manage their tax affairs. Such customers, once identified, are excluded from the DRD process.

The report concludes that the DRD intervention has achieved its policy objectives and has provided HMRC with a crucial lever in tackling those debtors who deliberately choose not to pay their tax debts, while being able to afford to do so. Additional tax revenue totalling £178 million was recovered through DRD intervention, reducing any unfair advantage those debtors have over the compliant majority.

The low level of complaints, objections and appeals, the extremely low level of these being upheld, and the small proportion of vulnerable customers identified further confirm that the correct debtors are being taken through formal DRD processes.

The full report is available to read on GOV.UK.

Back to *Contents*

Long overdue digital access to complain about HMRC welcomed

30 April 2019

HMRC has announced that it will provide email, or another form of secure digital channel, for members of the public to contact the Adjudicator's Office with any complaints by this Autumn at the latest

The Adjudicator's Office (AO) provides an independent review of complaints about HMRC and the Valuation Office Agency (VOA). Members of the public can escalate their complaint about HMRC and the VOA to the AO to get an impartial hearing.

Yet at present, despite the Government's ambition to make public-facing services 'digital by default', the only methods of contacting the AO are by post, telephone or fax.

Rt Hon. Nicky Morgan MP, Chair of the Treasury Committee, wrote to HMRC earlier this month to express the Committee's astonishment that the public are unable to contact the AO by email.

In its response, HMRC has announced that it will provide email, or another form of secure digital channel, for members of the public to contact the AO by this Autumn at the latest.

Commenting on the news, Mrs Morgan said:

"The AO plays a valuable role in resolving complaints against HMRC, yet many people are unaware of its existence. And of those people who are aware, it can be a struggle for them to get in touch with the AO. As the Adjudicator told the Committee, the lack of digital access to the AO's service is not defendable.

Public-facing services simply have to be digitally accessible these days.

Whilst it is astonishing in this day and age to say this, HMRC's long-overdue commitment to provide a digital channel for the public to contact the AO is welcome."

Back to *Contents*

Consultation on Amending HMRC's Civil Information Powers

17 July 2018

A consultation has been published which reviews a number of aspects of HMRC's information powers. Its aim is to ensure they have remained effective and efficient in the ten years since they were enacted.

It is now over a decade since the current framework of information provisions was enacted following the Review of Powers. Many of these powers mirror provisions that date back to the 1970s. This consultation is an opportunity to review aspects of these provisions, to ensure they remain appropriate, enable HMRC to carry out its functions efficiently and effectively, and also to consider whether the relevant safeguards remain proportionate. There are a number of anomalies in the current rules which could be addressed.

Since the 1970s digitalisation has led to significant changes in the way businesses work. These changes include:

- The UK has seen a continuing decline in the use of cash resulting in many more payments being handled electronically.
- Securities trading has become almost entirely electronic.
- The use of paper bank statements is starting to decline.
- Traditional banks and building societies are seeing new competition from start-up "banks" which often have no physical branches.
- New International agreements to facilitate the exchange of bank data between countries.

These changes, as well as many others, have resulted in much more information being held electronically. Financial records in particular can now be shared with greater ease than ever before as the financial system becomes ever more flexible. It is important that HMRC regularly reviews its processes to ensure they are keeping pace with such a rapidly changing world.

Current legislation does not allow HMRC to obtain information for debt collection purposes or where a company, usually created in contrived circumstances, has no tax liability. A change that is discussed here would allow HMRC to access information that was reasonably required for all its tax functions, including the collection of tax debt.

The consultation will run until 2 October 2018.

The policy team will be reviewing the consultation in full and if deemed necessary will invite your opinions via an electronic survey.

Back to ***Contents***

CWG2 update

9 May 2019

The CWG2 for 2019-20 'Employer further guide to PAYE and National Insurance contributions' has received an update to the section on standard payments made when, or after, an employee leaves.

For the purposes of this guidance, 'standard' payments mean such items as:

- the final payment of salary or wages
- holiday pay
- week-in-hand payments
- bonuses

See section 1.14 of the CWG2 to view the full update.

Back to *Contents*

Half of workers not checked their Personal Tax Account

10 May 2019

According to research from the Post Office, 46% of UK workers have never checked their personal tax account, despite a third saying they wish they had a better understanding of their tax.

HMRC launched the Personal Tax Account in 2015-16 to enable individuals to manage their own tax affairs online. These secure digital tax accounts bring together each individual customer's details online in one place.

According to HMRC, from April 2016, almost every individual will be able to access their own digital account, promised to be simple, personalised and secure, and offering an increasing range of services.

According to Moneywise the research from the Post Office shows many workers are not taking the opportunity to check on their tax affairs. 46% have never checked their personal tax accounts, despite nearly a third (29%) wanting a better understanding of their tax affairs.

When it comes to personal tax accounts, 25 to 34-year-olds are the most active age group, with 43% having accessed their account multiple times compared to the national average of 38%.

However, many in this group are unaware of what the service can be used for, with nearly a third (32%) falsely believing it can show you where your tax is spent, with one in five (22%) believing it can be used to complain about how much tax they pay.

More than half (54%) of 45 to 54-year-olds have not checked their personal tax account, despite the fact it can be used to keep up to date with state pension contributions.

Those approaching retirement are least likely to have checked their personal tax account.

What can you use your personal tax account to do?

- check your Income Tax estimate and tax code
- fill in, send and view a personal tax return
- claim a tax refund
- check and manage your tax credits
- check your State Pension
- track tax forms that you've submitted online
- check or update your Marriage Allowance
- tell HMRC about a change of address
- check or update benefits you get from work, for example company car details and medical insurance
- find your National Insurance number

…with more services to be added in the future!

When did you last check the details held within your Personal Tax Account?

Back to *Contents*

Data protection - HMRC appropriate policy document

16 May 2019

The Data Protection Act 2018 requires organisations who process personal data to meet certain legal obligations. HMRC's appropriate policy document provides information about the legal basis and safeguards that the department has put in place to be compliant with the GDPR.

The Data Protection Act 2018 requires organisations who process personal data to meet certain legal obligations. HMRC's appropriate policy document provides information about the legal basis and safeguards that the department has put in place for sensitive processing, the processing of special categories of personal data and criminal convictions data.

The HMRC appropriate Policy document outlines where the processing of special categories of personal data, criminal convictions data and sensitive personal data is required for:

- performing or exercising obligations or rights, which are imposed or conferred by law on the controller or the data subject in connection with employment, social security or social protection
- reasons of substantial public interest
- archiving, research and statistical purposes
- law enforcement purposes

Additionally, it provides information about the safeguards that HMRC has put in place in accordance with the Data Protection principles, including its policy for the retention and erasure of personal data.

HMRC appropriate Policy document

Back to *Contents*

HMRC Telephone Scam Warning

22 May 2019

We have been alerted to yet another telephone scam where an automated phone call says that the individual is in the middle of a fraud investigation and is to ring a specific number.

The number quoted in the message is '0300 2000314'. HMRC's customer service contact numbers start with 0300 so someone could fall into the trap of believing that it is actually HMRC. It is not, please do not call the number.

HMRC takes security very seriously and this is a further reminder that you need to be alert. If you cannot verify the identity of the person making the call you should not disclose your personal details or call them back.

You should report these incidents on the Action Fraud website or you can call them on 0300 123 2040 (Please note this number will be charged at your normal network rate). They are open Monday to Friday 09:00 - 18:00.

A reminder that:
You will never get an email, text message or phone call from HM Revenue and Customs (HMRC) which:

- Tells you about a tax rebate or penalty
- Asks for your personal or payment information

Always check HMRC's guidance on recognising scams if you're not sure.

You can report something suspicious to HMRC's phishing team, for example:

- A text message (forward it to 60599 - you'll be charged at your network rate)
- An email
- Details of a phone call asking for personal information or threatening a lawsuit

If you do receive a suspicious phone call, you can help HMRC's investigations by providing HMRC phishing team - (phishing@hmrc.gsi.gov.uk) with:

- The caller's phone number
- The date of the call
- A brief description of the call

To learn more about dealing with phishing and scams visit GOV.UK. You can also refer to HMRC security advice.

Back to *Contents*

Breakthrough controls stop phone fraudsters spoofing HMRC

4 June 2019

New defensive controls deployed by HM Revenue and Customs (HMRC) have put an end to fraudster's spoofing the tax authority's most recognisable helpline numbers.

Fraudsters have increasingly mimicked legitimate HMRC helpline numbers (often beginning with 0300) in order to dupe taxpayers and steal money. Last year alone, HMRC received over 100,000 phone scam reports.

The 'spoofing' scam worked as taxpayers would receive calls and, on checking the numbers online, would find they appeared to belong to HMRC. This often led people to believe fake calls were real and enabled fraud.

The new controls, created in partnership with the telecommunications industry and Ofcom, will prevent spoofing of HMRC's most used inbound helpline numbers and are the first to be used by a government department in the United Kingdom.

Criminals may still try and use less credible numbers to deploy their scams – but that means they will be easier to spot.

HMRC has seen an increasing number of phone scams against UK taxpayers hence its urgent action.

2016/17 – 407 reports
2017/18 – 7,778 reports
2018/19 – 104,774 reports

How can you spot a scam?

Thanks to HMRC's controls, scammers will now be forced to use much less credible looking numbers but you should still be vigilant as scammers may try spoof other numbers. Advice for avoiding phone scams includes:

- Recognise the signs - genuine organisations like banks and HMRC will never contact you out of the blue to ask for your PIN, password or bank details.
- Stay safe - don't give out private information, reply to text messages, download attachments or click on links in emails you weren't expecting.
- Take action - forward details of suspicious calls claiming to be from HMRC to phishing@hmrc.gov.uk and texts to 60599, or contact Action Fraud on 0300 123 2040 or use their online fraud reporting tool if you suffer financial loss.
- Check GOV.UK for information on how to avoid and report scams and recognise genuine HMRC contact.
- Listen to an example of what a phone scam sounds like on Twitter
- If you think you have received an HMRC related phishing/bogus email or text message, you can check it against the examples shown in this guide.

Back to *Contents*

Supply Chain Fraud

20 June 2019

HMRC is aware of increasing levels of fraud in labour supply chains and with companies offering payroll services.

HMRC recognises that these arrangements are mostly used legitimately but would like employers to take extra care when engaging with these services.

Payroll Company Fraud, at its most basic, occurs when a business transfers staff and payroll responsibility to a fraudulent Payroll Company who supply the staff back to the business. When they are fraudulent, these Payroll Companies will not make the necessary payments to HMRC for Income Tax, National Insurance Contributions (NICs) or VAT.

The companies conducting the fraud are not limited to specific sectors or business types – providing there is a workforce and a subsequent need for a payroll function, they can target any business. However, they are more likely to target companies whose financial position is weak, almost certainly to exploit this vulnerability with cheap payroll services, offering the struggling business an opportunity to cut in-house payroll costs.

The fraudsters can offer cheap services as, ultimately, they're stealing the tax and NICs.

Co-Employment
The co-employment model is something HMRC has seen more often recently. This is generally defined as when control and supervision of an employee's activity is shared amongst two or more business entities. One company will be the original employer and the other/others will take over the personnel related functions, claiming that the workforce is employed jointly by all companies.

There are a number of risks that can occur here – primarily with the new company set-up accruing debts to HMRC and then dissolving. Businesses entering into a co-employment model should undertake sufficient due diligence to ensure the business arrangements are tax compliant.

Mini Umbrella Companies
An umbrella company is a company that acts between the ultimate employer and the staff doing the work. The workforce is segmented into small companies with, usually, a very small number of employees in each company. This is done with the intention of exploiting specific allowances designed to help small businesses, with the aim of reducing the tax paid to HMRC.

With some of these schemes, promotors will offer "payroll services" to legitimate employment agencies, at a rate that is not commercially viable, sometimes with the offer of financial inducements to win the contract.

How can this affect you?

Employers need to be vigilant for these types of fraud. If it can be shown that your company knew, or should have known, that transactions in your supply chain are linked to fraud you may lose the right to recover VAT you paid on these transactions. Additionally, in some cases, you may also still be liable for any unpaid tax or National Insurance. You may also face reputational harm if you take part in non-compliant supply chains, whether directly or by association, and your commercial relationships may be compromised, affecting your ability to maintain contracts.

What can you do to protect yourself?
The first thing HMRC recommends to anyone entering into an arrangement with a payroll company or umbrella company is to undertake sufficient and proportionate due diligence checks. Be as sure as you can be that the company that you're entering into an arrangement with is legitimate.

HRC has some guidance available on the GOV.UK website on Due Diligence that you may find helpful here.

If you are outsourcing your Payroll services, you can inform HMRC via the GOV.UK website here. This will allow HMRC to carry out its own checks. However, HMRC may not be able to advise you of the outcome of those checks.

If you have information or concerns about a supplier/engager of labour or associated activities, contact the HMRC hotline by telephone or online.

This topic was covered in the June edition of HMRC's Employer Bulletin.

Back to ***Contents***

PAYE tax gap reduced in 2017-18

21 June 2019

HMRC has published the latest figures for 2017-18 which reveal that the UK's overall tax gap is now 5.6%, a slight increase of 0.1% on last year's figures. However, with one of the lowest gaps of all taxes, the PAYE tax gap reduced from 1.1% in 2016-17 to 1% in 2017-18.

The tax gap is the difference between the amount of tax that should, in theory, be paid to HMRC, and what is actually paid. The tax gap is a useful tool for HMRC to understand the relative size and nature of non-compliance. Despite the slight increase this year HMRC has still collected 94.4% of all the tax due under the law in 2017 to 2018. Overall, the tax gap has fallen from 7.2% since 2005-06, with the Office for Statistics Regulation stating that

"HMRC is world-leading in measuring tax gaps and is setting the bar for others to follow".

In 2017-18, the total estimated tax gap for income tax, National Insurance contributions and Capital Gains Tax is £12.9 billion which equates to 3.9% of total theoretical liabilities.

Of this £12.9 billion, £7.4 billion is attributable to Self Assessment taxpayers, meaning that the tax gap was 14.9% of theoretical liabilities.

In contrast, £2.9 billion of the income tax, National Insurance contributions and Capital Gains Tax gap comes from employers, where money is deducted at source, which translates into a tax gap of 1.0% of theoretical liabilities.

Read the full Measuring Tax Gaps report.

CIPP Payroll Assurance Scheme
Such a low figure shows how committed payroll practitioners are to ensure that they fulfil their obligations. The CIPP's Payroll Assurance Scheme helps payroll departments to verify that processes are in place to ensure accurate payments to payees but also to ensure that appropriate deductions are made from employees pay and are accounted for to HMRC and other authorities.

Back to ***Contents***

HMRC rakes in £860m in penalties in 2018-19

4 July 2019

HMRC imposed a record £860m in penalties on individual taxpayers in 2018-19, up 24% from £694m the previous year, according to accounting group UHY Hacker Young.

According to the accounting firm, an increasing number of people are struggling to make tax payments on time which has led to a steep increase in the value of penalties imposed by HMRC for late tax payments.

"Penalties for late tax payments can be extremely punitive and people need to avoid them at all costs," said Clive Gawthorpe, Partner at UHY Hacker Young. *"For the most severe penalties, individuals may find that the amount they owe to HMRC has doubled – potentially putting some people in a very difficult position."*

The longer taxpayers leave tax bills unpaid, the more they accumulate in late payment fines and penalties, adding further to their debts.

The penalties cover both late payments and overdue tax returns. Taxpayers face penalties worth 5% of the tax due if either their tax return or their tax payments are more than six months overdue – a penalty that is repeated after 12 months. The penalty for late filing is £100 and there is a £10 per day penalty for filings which are more than 3 months late.

Some individuals missing tax payment and filing deadlines by 12 months are also being hit with further penalties of up to 100% of the amount of tax due if HMRC rules that their late payment or filing is deliberate. The use of these much higher penalties may have been a key factor behind this year's total.

Some taxpayers may be finding meeting tax payment deadlines more difficult as living costs in the UK continue to rise and the economy struggles, Gawthorpe suggested.

"A very sluggish economy means many people do not have much of a cash cushion. As a result, when tax payments fall due, some may find themselves simply unable to pay.

There are simple steps that people can take to avoid being hit with hefty penalties. Budgeting throughout the year and making sure that people keep enough cash aside to pay their taxes on time can help them avoid this.

"Taxpayers can also help alleviate the pressure to meet tax bills by contacting HMRC and negotiating a sensible payment plan to pay back tax due in instalments by using the Time to Pay initiative."

Back to ***Contents***

Tax credits renewal deadline 31 July

15 July 2019

HM Revenue and Customs is reminding customers that they must renew their tax credits by 31 July – or their payments will stop.

Tax credits help working families with targeted financial support. A new advertising campaign launched at the beginning of July to remind customers to renew their tax credits on time, as this is too important to forget.

Renewing online is quick and easy. Customers can log into GOV.UK to check on the progress of their renewal, be reassured it's being processed and know when they'll hear back from HMRC.

Customers can also use the HMRC app on their smartphone to:

- renew their tax credits
- check their tax credits payment schedule
- find out how much they have earned for the year

Customers can get help and information on renewing tax credits:

- on GOV.UK
- by tweeting @HMRCcustomers or posting on our Facebook page with general queries
- using the HMRC app, which is available on the App Store or Google Play Store
- using the online forum (click on Tax Credits and You)
- through HMRC's webchat help service
- by calling the tax credits helpline: 0345 300 3900

Back to ***Contents***

Businesses urged to register for Making Tax Digital before August

15 July 2019

Many of the 1.2 million businesses affected by the new Making Tax Digital (MTD) rules will be required to submit their first quarterly return to HMRC using software by 7 August.

If paying by direct debit, these businesses must register by Friday 27 July.

HMRC's reveals that:

- at the moment, around 10,000 businesses are registering for MTD every day
- more than 600,000 businesses have signed up in total, with some 400,000 submissions already successfully made using software
- businesses in the agriculture sector (such as farmers) have been one of the fastest groups to sign up to MTD, with 50% already registered
- the financial sector has been one of the slowest to sign up, with nearly 75% yet to sign up

The Director of Making Tax Digital at HMRC has said that during this first year it won't be issuing filing or record keeping penalties to businesses doing their best to comply. However, HMRC is urging those businesses affected to sign up for Making Tax Digital on GOV.UK as soon as possible.

HMRC expects MTD to reduce tax lost due to errors, thanks to the improved accuracy that digital records provide and the fact that information is sent directly from software to HMRC. The latest tax gap figures showed avoidable mistakes cost taxpayers more than £9.9 billion last year – £3 billion attributable to VAT alone.

Back to ***Contents***

HMRC secures record £627.9 billion in revenue

26 July 2019

HMRC has released its Annual Report and Accounts for 2018-19. Some of its achievements listed are a 3.6% increase in total tax revenue year on year, an extra £34.1 billion generated by tackling avoidance, evasion and non-compliance and £24.4 million in minimum wage arrears identified and recovered on behalf of workers.

The tax authority has helped more customers than ever to pay their taxes quickly and easily online – 19 million people have signed up to Personal Tax Accounts and 93.5% of Self Assessment returns were completed online. A major step forward was taken in Making Tax Digital for Business, with the launch of the new mandated service for digital record keeping and for filing VAT returns online. More than 93,000 businesses signed up for the pilot during 2018-19 and when it launched in full on 1 April 2019, sign ups increased to over 500,000 by the start of July 2019.

HMRC's primary purpose is to collect the tax that pays for the UK's public services, and some record figures have been achieved:

- £627.9 billion in total tax revenues was secured in 2018/19 – a 3.6% increase on the previous year

- £34.1 billion additional tax was generated by tackling avoidance, evasion and non-compliance
- The UKs tax gap in 2017-18 was 5.6% - this is the difference between tax that should be paid and what is actually paid
- £24.4 million National Minimum Wage arrears identified and recovered on behalf of workers
- 648 criminals and fraudsters successfully convicted
- The proportion of error and fraud within the tax credits system in 2017-18 was 5.7%
- Over £3 billion in tax protected or generated from tacking organised crime
- 90,000 Help to Save accounts opened

HMRC's Chief Executive and Permanent Secretary, Sir Jonathan Thompson, said that it has been an important year for them, not just because of what it has achieved but also in the way it has had to adapt to deliver on urgent new priorities, balancing work alongside the huge, complex task of preparing for the UK leaving the EU. HMRC has around 5,400 full-time equivalent employees working on Brexit preparations, building the customs, VAT and excise systems the UK will need and preparing customers for leaving the EU, with or without a deal.

HMRC has had to delay, for now, on some of its other projects such as further improvements to its digital services. HMRC has also regrettably, by its own admission, seen a slight dip below targets in its customer service by phone and post, but we are assured by the Chief Executive that the Revenue is working hard to respond to this, shifting its resources to cope with peaks in demand.

HMRC's Annual Report and Accounts for 2018-19 are available on GOV.UK, as is the newly published Annual Report from the Charter Committee which looks at the expectations of customers and HMRC, and how it uses that to strengthen its commitment to customer service.

Back to ***Contents***

Contractors operating CIS – new VAT reverse charge on building and construction services

21 August 2019

Are you a contractor or an employment business operating the Construction Industry Scheme (CIS)? If so, you need to know that the new VAT reverse charge measure comes into effect on 1 October 2019.

VAT reverse charge for construction services - webinar
HMRC is running a webinar on Monday 2 September and Wednesday 18 September.
If you're in the Construction Industry Scheme, find out if the charge affects you, how it may impact your cash flow and how to prepare for the changes. Register online here.

The key aspects of the reverse charge are:

- it will apply to standard and reduced-rated supplies of building and construction services made to VAT registered businesses, who in turn also make onward supplies of those building and construction services;
- the scope of supplies affected is closely aligned to the supplies required to be reported under the CIS, but does not include supplies of staff or workers by employment businesses;
- the legislation introduces the concept of "end users" and "intermediary suppliers". This covers businesses or groups of associated businesses that do not make supplies of building and construction services to third parties and as such are excluded from the scope of the reverse charge if they receive such supplies. Examples include landlords, tenants and property developers.

Further information on the scope of the reverse charge and how it will operate can be found in this guidance note, published in June 2019. The guidance will continue to be updated, as necessary.

Back to ***Contents***

CIS reverse VAT charging delayed to Oct 2020

10 September 2019

The government has announced that the introduction of the domestic reverse charge for construction services will be delayed for a period of 12 months until 1 October 2020.

The announcement on GOV.UK explains that industry representatives had "raised concerns" that many construction sector businesses were not ready to implement the changes on the original date of 1 October 2019. To help them prepare, and to avoid the new rules kicking in at the same time as the UK's potential exit from the European Union, the reverse charge has been delayed for 12 months until 1 October 2020.

A domestic reverse charge means the UK customer who get supplies of construction services must account for the VAT due on these supplies on their VAT return rather than the UK supplier. This removes the scope for fraudsters to steal the VAT due to HMRC and follows similar measures introduced in response to criminal threats for mobile telephones, computer chips, emissions allowances, gas and electricity, telecommunication services and renewable energy certificates.

Businesses need to adapt their accounting systems for dealing with VAT and there will be a negative impact on the cash-flows for many affected businesses, as they will no longer get VAT payments from customers for services where the reverse charge applies.

Industry representatives have raised concerns that some businesses in the construction sector are not ready to implement the VAT domestic reverse charge for building and construction on 1 October 2019.

To help these businesses and give them more time to prepare, the introduction of the reverse charge has been delayed for a period of 12 months until 1 October 2020. This will also avoid the changes coinciding with Brexit.

In the intervening year, HMRC will focus additional resource on identifying and tackling existing perpetrators of the fraud. It will also work closely with the sector to raise awareness and provide additional guidance and support to make sure all businesses will be ready for the new implementation date.

HRMC recognises that some businesses will have already changed their invoices to meet the needs of the reverse charge and cannot easily change them back in time. Where genuine errors have occurred, HMRC will take into account the fact that the implementation date has changed. Some businesses may have opted for monthly VAT returns ahead of the 1 October 2019 implementation date which they can reverse by using the appropriate stagger option on the HMRC website.

Back to ***Contents***

HMRC calls on universities to protect students from tax scams

26 September 2019

HMRC is writing to UK universities advising them to warn new students about tax scams sent by fraudsters to steal students' money and personal details.

You may have employees who are also students so you could help to raise awareness across your business.

Over 620,000 tax-related email scams were reported to HMRC last year – up by 20,000 on the previous year – including thousands of reports the department received about scam emails targeting students.

HMRC wants to ensure all students new to university this year are cyber aware for when repeat attacks hit their inboxes.

Fraudsters can use a range of methods to target students, most commonly by sending fake tax refunds using seemingly legitimate university email addresses - often ending in 'ac.uk' - in order to avoid detection.

Depending on the details a criminal is able to obtain from a student, they could steal money, set up direct debits, make purchases for valuable goods through online sites or even take control of their computer – being able to access functions such as their webcam.

Jesse Norman MP, Financial Secretary to the Treasury, said:

"Cyber criminals use every means they can to steal money and personal data from students. That's why HMRC is asking all UK universities to make sure students know how to protect themselves.

HMRC is doing everything they can to clamp down on online fraud, but students and their families need to be vigilant, especially amid all the stresses and strains of going to university. I would urge university principals to take a lead in helping to protect students from these cyber thieves."

Back to ***Contents***

Payroll tasks, reports and payments for company directors

27 September 2019

If you have directors on your payroll, HMRC has a range of support which will tell you about your payroll responsibilities, including calculating tax, National Insurance and what records to keep.

Company directors – payroll and you: This recording of a recent live webinar gives an overview of tax and NICs for company directors, including expenses and benefits.

In this short video on HMRC's YouTube channel, you can find out about 'When and how to pay PAYE'. It's available to watch at any time.

There's also HMRC's online guide 'Becoming an employer'. It's full of useful information about taking on staff, running a payroll, Statutory Sick Pay, end of year tasks and what to do when an employee leaves.

CIPP Payroll training courses

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

Three non-executives join HMRC Board

1 October 2019

The appointment of 3 new non-executive directors to the HMRC Board has been confirmed by the Prime Minister.

Michael Hearty, Patricia Gallan and Paul Morton will work alongside lead non-executive Mervyn Walker and existing non-executive directors Juliette Scott, Simon Ricketts and Alice Maynard, bringing their knowledge and expertise to HMRC strategy and performance discussions and providing counsel and challenge to the Executive Committee.

Michael Hearty is an experienced accountant with extensive strategic and operational leadership experience as a Director General at the Department for Work and Pensions and the Department for Education. Michael was previously on the Board of the Welsh Government, advising the First Minister and the Finance Minister for Wales.

He is also a non-executive director or adviser with Public Health England, Blackpool Teaching Hospitals Foundation Trust and Lancashire and South Cumbria Integrated Care System. Michael steps up to become chair of the HMRC audit and risk committee, of which he was already a member, overseeing the financial performance and propriety of the department.

Patricia Gallan is a former senior police officer who was Assistant Commissioner Specialist Crime and Operations of the Metropolitan Police, in London, until 2018. She previously served as Deputy Assistant Commissioner (Specialist Operations – Security and Protection) and is a former Assistant Chief Constable and temporary Deputy Chief Constable of Merseyside Police.

Paul Morton was appointed Tax Director of the Office of Tax Simplification in March 2017. Before that he was Tax Director for RELX Group plc (formerly Reed Elsevier), the global information and analytics group, for 12 years, where he was actively engaged with the Organisation for European Co-operation and Development (OECD) and tax policy makers in the UK, US and EU on tax policy matters.

Previously, he was a tax manager and adviser at Royal Dutch Shell and worked at KPMG on international tax and insurance companies, having originally joined Inland Revenue as a tax inspector.

Back to ***Contents***

HMRC issue a welcome update to Employment Allowance reform

7 October 2019

HMRC has announced that payroll will not have to report the de minimis state aid figures through RTI, as was originally proposed in draft legislation.

In acknowledgement to feedback received by the CIPP and other vested stakeholders, HMRC's Software Developer Support Team (SDST) has issued an update relating to the Employment Allowance reform proposed for April 2020.

In a positive and rational move, HMRC has agreed to alleviate some of the administrative burden payroll functions would have had to endure in relation to some of the originally intended requirements surrounding the reform. An amendment that should prompt widespread relief relates to the issue of complexities surrounding reporting on de minimis state aid figures and the currency in which it was proposed they would be reported in. HMRC have retracted both stipulations.

SDST has provided an updated RTI data items guide (V1.1) for software developers which employers and payroll practitioners may also find useful, and the following update.

*"In response to feedback, HMRC can now confirm that we **do not** require employers to calculate and report the amount of de minimis State aid in this data item.*

Employers still need to complete business sectors:

- *Data items 199 to 202 (all that apply) for businesses undertaking economic activity, this means providing goods or services to the market. Businesses do not have to make a profit: if others in the market offer the same goods or services, it is an economic activity. In the case of this allowance, this will apply to most businesses, **or***
- *Data item 203 where de minimis State aid rules do not apply to the Employer because they are not engaging in economic activity: for example charities, community amateur sports clubs, employing someone to provide personal care.*

*The RTI Schema for 2020/21 will not be amended, however, the amount of de minimis State aid received or anticipated (in Euros) is **no longer required** – if one or more of the de minimis State aid business sectors has been selected (data items 199 to 202), complete **item 204 with 0.00**. If possible, software products should report **0.00** by default in these cases.*

- *Any figure that **is** supplied in this field will be disregarded by HMRC back-end systems and will not be stored or displayed, for example in Business Tax account.*
- *RTI Schema for 2021/22 will be amended to remove data items 204 and 205 completely."*

This change is of significant importance and is a win for the CIPP and payroll as a whole. The additional work that would have been required for these elements within the original draft legislation, was vocalised in the CIPP's response to the technical consultation.

Changes such as these reaffirm why it is so important that you, as members of the CIPP and the wider payroll profession, provide your views and opinions through the Policy team's surveys and think tank roundtable meetings. It is only by providing feedback and challenging the status quo that we can together inform policy and influence the changes required.

Back to ***Contents***

HMRC update surrounding PSA payments published

4 October 2019

HMRC has published important information relating to the nature of PAYE Settlement Agreement (PSA) payments.

HMRC has advised customers that, even if you have not yet received confirmation of the PSA figure to pay the tax authority, you should pay any figures relating to tax and National Insurance (NI) that you have calculated by 22 October 2019, to avoid incurring any charges.

A reminder is also provided to quote your customer account reference number for easy allocation of funds, and that this can be located on the PSA confirmation letter.

You may be fined or charged interest if you do not pay or your payment is late.

Further information can be found at: GOV.UK.

If you are unsure about the action to take, HMRC's tax agent blog highlights that you can contact the PSA team directly on 0300 322 7077.

Back to ***Contents***

HMRC publishes update to guidance on repeal of Swedish derogation

7 October 2019

HMRC has updated the guidance on The Agency Workers Regulation 2010, to reflect the repeal of the Swedish derogation from April 2020.

From April 2020 amendments come into force which mean that all agency workers will be entitled to receive equal pay as their permanent equivalents, once a 12-week employment period has passed, whether or not they are paid between assignments.

As part of the government's Good Work Plan, regulations were laid in December 2018 which abolish the use of Swedish derogation - the legal loophole which enables some firms to pay agency workers less than permanent staff. The Agency Workers (Amendment) Regulations 2019 come into force on 6 April 2020 and extend to England, Wales and Scotland.

Initially, pay between assignments was lawful, as opposed to equal pay after the 12-week qualifying period. Agency workers will no longer be able to agree to opt out of equal pay entitlement and will also be eligible for the same employment rights as permanent staff members after 12 weeks. They receive certain rights from day 1.

The advice given on managing individuals presently employed under Swedish derogation contracts which are likely to extend into the next tax year is to adjust their existing contract to accommodate the amendment to the Regulations. However, these contracts can still be in place but employers must observe the new rules surrounding equal pay after a 12 week period has been exhausted.

Back to ***Contents***

Guidance surrounding a 'key facts page' for agency workers published by HMRC

11 October 2019

Gov.UK have released information pertaining to the new requirement for employers to present agency workers with a 'key information document' prior to agreeing terms. This requirement will be implemented from the start of the new tax year and has been stipulated in the Conduct of Employment Agencies and Employment Businesses Regulations 2003. There will be no obligation for agency workers that have a pre-existing contract prior to 6 April 2020 to receive the 'key information document' but any new appointments will have to adhere to the upcoming legislation.

The purpose of the document is to ensure further clarity for agency workers in terms of what pay they can expect to receive and what deductions will be applied to eventually arrive at their take-home pay figure. The intention is that they will have access to this information prior to entering into any binding agreements. For statutory deductions, the acknowledgement that they will be taken is sufficient but for non-statutory deduction elements, such as the fee for working via an umbrella company, either fixed figures should be provided or alternatively, the calculation that will be used to arrive at the relevant figure. If the worker is employed via an umbrella company, the 'key information document' must be provided to both the worker and to the intermediary.

The publication expands on the points above in much further detail, and is divided into seven sections as follows:

- Format, timing and frequency of key information documents
- Information to include for a standard employment business – agency worker relationship (i.e. PAYE)
- When additional information is required for the key information document
- Information to include when an intermediary or umbrella company is involved
- Key information documents for workers signing on as personal service companies
- Changes to key information documents
- Enforcement of the new regulation

There are also templates to assist employers with the new process, which cover a range of scenarios.

CIPP Comment

The policy team always welcome member feedback and would particularly welcome any comments that you might have about the impact of the new legislation outlined above and any challenges that it may pose. Please email policy with any thoughts you may have. Thank you.

Back to ***Contents***

OTS publish guidance surrounding the simplification of tax

14 October 2019

The Office of Tax Simplification (OTS) have provided information relating to landmarks in life that may affect an individual's tax circumstances, and offer advice to the government on how to simplify the highly confusing policies and tax implications currently surrounding these areas. The document is a follow up to the advice on simplifying tax for smaller businesses, which was released by the OTS back in May 2019.

The 92-page document addresses a variety of scenarios that most people experience over the course of their lifetimes, but which are classed as 'key life events', and aims to simplify the tax treatment that occurs as a result of these situations. The key life events that attract coverage in the guidance relate to having children, entering work, changing jobs, saving for or drawing a pension, and supporting others who are less able to take care of their own affairs.

The article offers 15 clear and concise points on how the government should proceed and relates them back to the life event areas. All the suggestions would ideally uncomplicate some complex areas that baffle the general public, who aren't professionals in tax, or indeed, its application. Some key areas addressed include the High-Income Child Benefit

Charge, the introduction of the study of PAYE within education systems and the clarity of explanatory notes that are provided to workers alongside their tax code notification letters.

Back to ***Contents***

Government response to 'Disputing Tax' report issued by Treasury Sub-Committee

16 October 2019

The government has responded to the report that the Treasury's Sub-Committee (TSC) released that offered 13 recommendations concerning how HMRC handles and solves tax disputes. These proposals are surmised below, along with the relevant response on the matter from the government. HMRC has either accepted or partially accepted each point which demonstrates how important consultations relating to policy are:

- **1.) Recommendation:** HMRC should write to the Treasury Committee with an overview of the figures and nature of those involved with tax avoidance schemes, on an annual basis.
  Response: Partially accepted. HMRC will publish further statistics and information relating to tax avoidance in a pledge to increase transparency on a yearly basis.
- **2.) Recommendation:** HMRC should survey response times for providing settlement terms under the Contractor Loan Settlement Opportunity (CLSO) and report back on progress.
  Response: Partially accepted. HMRC accepts that there have been delays in providing terms under the CLSO and did distribute additional resource to cope with the high response rates, meaning that 99% of affected individuals received their settlement figures by 31 August 2019. It has confirmed that nobody will be penalised due to any delays that have been caused by HMRC.
- **3.) Recommendation:** HMRC should provide figures relating to the CLSO, how many people took it up and what the terms were, and the amount of tax and other duties applied.
  Response: Accepted and figures were provided as follows –
    - Approximately 50,000 taxpayers are affected by the loan charge.
    - More than 28,000 scheme users were interested in tackling their tax affairs.
    - Between 2016 & 2019, approximately 8,000 settlements have been agreed, equating to roughly £2 billion.
    - There isn't enough data to provide a figure for how many users of disguised remuneration did not settle.
- **4.) Recommendation:** The government should report on how many individuals would not be pursued for participation in a loan-based scheme that had been fully disclosed for a 'closed tax year'. The amount of money being written-off should also be provided.
  Response: Accepted and the information will ne provided on HMRC's 2019-20 annual report.
- **5.) Recommendation:** HMRC should work alongside professional bodies to ensure standards relating to conduct are transparent where advice on tax avoidance is being provided.
  Response: Accepted – HMRC is actively working on methods to raise standards in the paid tax agent market, with emphasis on those who do not belong to any of the professional bodies bound by the Professional Conduct in Relation to Taxation (PCRT). The seven PCRT-owning bodies will review the PCRT, alongside HMRC in Autumn 2019.
- **6.) Recommendation:** HMRC should devise a strategy for firms and advisers that actively encourages tax avoidance schemes.
  Response: Accepted. Resources were doubled in this field for 2019-20. A refined strategy should be finalised by 31 March 2020 which will be published in due course.
- **7.) Recommendation:** HMRC should justify the usage of bulk data such as the Common Reporting Standard (CRS). The recommendation is for the compilation of an annual report that demonstrates the issue of offshore non-compliance, identifying risks and how they will be addressed.
  Response: Partially accepted. HMRC will publish data on the CRS in its annual report. There are already publications surrounding tax compliance, for example 'Measuring tax gaps'. HMRC can't publish all information due to international treaties which demand confidentiality.

- **8.) Recommendation:** HMRC should ensure that regular contact is maintained with affected taxpayers through appropriate communication platforms. It should ensure that there are enough resources to deal with queries to ensure acceptable resolution times.
  Response: Accepted. There is already a 12-year offshore assessing time limit in place and HMRC endeavours to remain in communication with taxpayers.
- **9.) Recommendation:** HMRC should set out any powers and measures that need enhancing to deal with tax avoidance and evasion.
  Response: Accepted. Legislation is consistently under review, with amendments to tax policy included in the Budget.
- **10.) Recommendation:** HMRC should report back on progress made on work referenced in its No Safe Havens 2019 report. It should engage with professional bodies in the UK to promote UK tax advice.
  Response: Accepted. HMRC continues to engage with professional bodies to ensure that tax advice is appropriately communicated.
- **11.) Recommendation:** More should be done by HMRC in its approach to vulnerable taxpayers. HMRC should provide a definition of 'vulnerable' used to identify these individuals.
  Response: Accepted. HMRC advisers are trained to identify key traits of vulnerability. There are Extra Support advisers in place to deal with vulnerable taxpayers. Ongoing research is taking place surrounding how HMRC can support its customers.
- **12.) Recommendation:** HMRC to report on how it has received insights from advice bodies relating to difficulties faced by taxpayers who can't afford to pay for advice.
  Response: HMRC has been working with Voluntary and Community Sector organisations, who provide tax and benefit-related support to certain individuals, to tackle the issue at hand.
- **13.) Recommendation:** HMRC needs to provide better quality guidance surrounding the workings of the tax system to vulnerable taxpayers.

Response: Accepted. HMRC acknowledges that improvements need to be made to the GOV.UK website. There are initiatives already in process to include more transparent advice online.

Back to ***Contents***

Basic PAYE Tools to include provision for printing payslips

25 October 2019

HMRC has never provided the facility to print payslips from its Basic PAYE Tools software but when scrutinising the accompanying user guide, it is appears that a new function for this will be made available from April 2020. This will be great news to many as HMRC has not previously offered the option to provide staff with payslips.

Basic PAYE tools can be utilised by companies who employ less than ten members of staff and will calculate tax and National Insurance on employee pay, then send the relevant information across to HMRC. It can be used in conjunction with payroll software should that not have the functionality to check a new employee's National Insurance number, send an Employer Payment Summary (EPS) and / or send an Earlier Year Update (EYU). However, the website has always maintained that other payroll software would be mandatory in the preparation and printing of payslips.

The software will still only be compatible with businesses with fewer than ten staff, but it will incorporate the ability to print payslips, and it is a legal requirement for an employer to provide its employees with payslips. Payslips must be issued to staff on or before their pay day and should show always show an itemised breakdown of what pay elements have been added and of any statutory, or other, deductions that have been taken, to arrive at the net pay figure that the employee receives. Failure to supply an employee with a comprehensive payslip provides valid grounds for a tribunal so it is important for employers to comply with this legislation.

Back to ***Contents***

HMRC confirms permanent chief executive appointment

30 October 2019

HMRC has confirmed today that Jim Harra has been appointed as the new Chief Executive and First Permanent Secretary.

Harra was acting in the position on an interim basis but has now been offered the role on a permanent basis and will succeed Sir Jonathan Thompson. The new development was announced by Sir Mark Sedwell, the Cabinet Secretary. As Harra was previously the Second Permanent Secretary, there will now be steps taken to fill that position in light of his promotion.

Harra has worked for HMRC for over 30 years, rising through the ranks from initially being a tax inspector to holding senior director-level positions before taking on the role of Director General for Business Tax in 2012.

The official announcement from HMRC maintained that Brexit would be Jim Harra's priority but so would providing an excellent service to the UK's taxpayers, in line with the work of his predecessor.

Back to ***Contents***

HMRC launches new online customer forum

1 November 2019

HMRC has announced that there is now an online customer forum where individuals can raise questions and expect to receive responses from some of the experts at HMRC.

Users will have access to features such as a Knowledge Base, which includes Frequently Asked Questions around a multitude of topics, with the aim of assisting individuals on various tax matters. There is also a new section called "PAYE and Payroll for Employers".

The message from HMRC is that it encourages people to register so that they can post questions, as this can only be done once they have set up a profile.

HMRC advises that the aims of the forum are to:

- Provide HMRC with early identification of issues that are affecting employers, so that these can be progressed and resolved more quickly and help employers meet their obligations
- Share thoughts, issues and concerns on new and current HMRC processes, policies and strategies with their peers, so that they can agree how potential changes may affect them
- Quickly identify and recognise common errors and processing glitches, so they can be reviewed and investigated
- Enable members to raise, discuss and possibly resolve potential issues with each other by sharing best practice or experience

There is guidance on how to register for the forums here.

CIPP comment

As valued members of the CIPP, we would appreciate any feedback you have around layout, accessibility and content of HMRC's new online customer forum. If you have any comments, please don't hesitate to contact the Policy team.

Back to ***Contents***

HMRC appoints Interim Chief Digital & Information Officer

5 November 2019

HMRC has confirmed that Mark Denney will be acting as its interim Chief Digital & Information Officer.

The company has circulated an update to advise that Denney, who has a wealth of experience in digital transformation, would be adopting the post on an interval basis. He has previously worked for household names such as Barclays, JP Morgan Chase and GE Capital in positions of seniority. He worked at Barclays for over a decade.

Jacky Wright, Denney's predecessor, has returned to Microsoft, and so he will fill the position whilst recruitment for somebody to fill the position on a permanent basis is underway.

The news follows the announcement last week that Jim Harra would be taking on the permanent role of Chief Executive and First Permanent Secretary within the organisation.

Back to ***Contents***

HMRC updates social security guidance for workers from the UK going to work in Switzerland

7 November 2019

HMRC has issued an update to previously published guidance for UK employees and their employers who currently work or are intending to go and work in Switzerland.

The initial advice provided explained that employees from the UK working in the EU, the EEA or Switzerland would continue to pay UK National Insurance contributions in the UK alone until the date that the UK leaves the EU. It was suggested that after that point, workers may need to pay social security contributions both in the country they are working in as well as continuing to pay NI contributions in the UK.

The latest publication confirms that for those working in Switzerland, workers will continue to pay UK NI with no requirement to pay social security contributions in Switzerland until 31 December 2020. A transitional agreement was signed with Switzerland to ensure protection of how social security payments are currently treated.

The latest update does not, however, refer to UK employees who are working in the EU or EEA so the advice previously provided for individuals in that situation still stands. It states that if the date on an A1/E101 form surpasses the date that the UK leaves the EU, employers will need to contact the relevant EU / EEA authority to confirm whether or not their employee needs to start paying social security contributions in that country from that date. The European Commission's website will help to find the relevant country's authority.

The UK government has already confirmed that it is working to protect the current social security rules in the event of a 'no deal' Brexit but there hasn't been any further information relating to what will happen in relation to UK employees working in the EU or EEA.

Back to ***Contents***

HMRC webinar on expenses and benefits – employee travel

11 November 2019

HMRC is running a webinar which provides guidance on payments made to employees in relation to travel and subsistence, to ensure the correct treatment in terms of tax and National Insurance (NI).

The webinar will take place on Monday 11 November from 14:00-15:00 and you can enrol on it here. There will be the opportunity to raise questions by using the on-screen text box.

This webinar is specifically for employers and addresses the tax treatment of:

- Travel and subsistence payments to employees
- Mileage payments for employees using their own vehicle

There's a separate webinar for employees who have company cars or vans.

Back to ***Contents***

Contractors opting for PAYE ahead of IR35 reforms to private sector

14 November 2019

Accountancy Age reports that a number of accountants have confirmed that their services are no longer required by some private sector clients, who are choosing to go PAYE ahead of the April 2020 IR35 reforms.

The CIPP has reported extensively on the rollout of off payroll working rules that currently operate in the public sector to the private sector in cases where the engaging company is not deemed as being 'small'. There are no concrete figures relating to the number of contractors who will proceed under PAYE as a result of these reforms but the fact that large banking groups, such as Lloyds, have confirmed that they will not employ contractors in the future provides an insight into how many contractors this could potentially affect.

There are many who oppose the new reforms and thousands of people have backed campaigns calling for the extension of IR35 rules to be stopped. Anthony Sherick, from Contractor UK commented "The Government, now more than ever, need to endorse and encourage the use of flexible working and developing niche skills in the economy. An immediate halt to the new rules in the private and public sector would be a great help."

There are still many questions circulating regarding the issue of off payroll working reforms. Many professional bodies and individuals who will be affected by the changes assert that HMRC needs to publish guidance that is significantly clearer and more concise. This guidance needs to be universally accessible, understandable and free from complex jargon.

There have been numerous recommendations for HMRC to amend the Check Employment Status for Tax (CEST) tool, and to include of a question that addresses mutuality of obligation, which does not currently appear. The fact that a general election is soon to take place has also prompted many to request at least a delay on the rollout of these changes to ensure that nothing is rushed, and everything is implemented correctly.

CIPP comment

The CIPP is offering both webinars and half-day training courses surrounding the topic of IR35 / off-payroll working. It is essential for businesses to acquaint themselves with details and guidance surrounding the reforms rapidly approaching in April 2020 so that they are fully prepared when it does arrive.

Back to ***Contents***

HMRC webinar on expenses & benefits for employers – employees with multiple workplaces

18 November 2019

HMRC is running a webinar on 19 November at 10AM which gives an overview of the correct treatment of employee expenses in situations where staff may have more than one workplace. The webinar will run for an hour.

It will examine how to proceed when employees travel to temporary workplaces and will also look at other types of workplace staff may have to visit. In addition to this, there is discussion of geographical locations and the 24 month

and 40% rules that may be applied to expenses. The course will then cover the implications on tax and National Insurance (NI).

The webinar can be accessed here.

Back to ***Contents***

HMRC webinars: key responsibilites – employing people

19 November 2019

HMRC has announced that it will be running two webinars surrounding crucial information in relation to employing people.
One of the sessions relates to company directors and how their treatment in relation to payroll can differ to that of other employees. Specifically, the webinar will address the tax and National Insurance (NI) implications of hiring directors and what information needs to be submitted to HMRC. There will also be information relating to record-keeping.

You can enrol **here**. The webinar is taking place on 21 November at 10:00 AM.

There is also a session relating to health and safety and considerations for hiring new people and what your duties as an employer are in relation to this.

The health and safety webinar can be accessed **here**. It is taking place on 20 November at midday.

There will be the opportunity to ask questions throughout the duration of the webinars. They can be raised via the on-screen text box.

Back to ***Contents***

HMRC webinar on Expenses and benefits – social functions and parties

3 December 2019

HMRC is running a webinar surrounding the topic of tax and National Insurance (NI) implications of providing staff with annual social functions.

As Christmas rapidly approaches, a substantial amount of businesses will organise and pay for parties for their employees to attend. The rules surrounding tax and National Insurance are not just restricted to events that are held over the festive period but extend to functions such as Summer barbecues or events that are held in order to reward and benefit staff throughout the year.

The webinar will run on 3 December 2019 between 15:00 – 16:00 and there will be the opportunity for attendees to ask questions using the on-screen box.

HMRC reiterates that the webinar will not address reimbursing staff for the cost of entertaining clients and only covers the tax and NI treatment of expenses and benefits that employers provide to their staff in terms of social functions and parties.

Back to ***Contents***

Support webinars from HMRC this December

9 December 2019

HMRC has released a series of webinars designed to help with 'employer filing obligations', 'payrolling – tax employees' benefits and expenses through your payroll' and' getting payroll information right.'

The webinar that focuses on 'employer filing obligations' can be accessed here and is running on Monday 9 December between 10:00 – 11:00. This provides details around the requirement to send regular payroll reports to HMRC, what a Full Payment Submission (FPS) and what an Employer Payment Summary (EPS) is, how to send the reports and when to send them and finally, the implications of not submitting the reports.

You can enrol on the 'payrolling – tax employees' benefits and expenses through your payroll' webinar here and this will be held on Wednesday 11 December from 09:00 – 10:00. There will be information on how to register to payroll benefits through payroll and what happens after that point. The session will also advise of the benefits of payrolling benefits and the advantages to both employers and employees of adopting this method, such as the removal of the requirement to send P11Ds for any payrolled benefits.

To access the session focused on 'getting payroll information right, follow this link. The webinar will be cast on Thursday 12 December from 10:00 – 11:00. This is aimed solely at employers and advises how to present correct data to HMRC and to avoid common payroll errors, which in turn will reduce queries from both employees and HMRC.

There will be the opportunity to ask any questions you may have during the webinar using the on-screen text box.

Back to ***Contents***

HMRC reveals the strangest excuses and expense claims on Self-Assessment tax returns it has received in the last decade

20 January 2020

Each year, HMRC customers have a deadline of 31 January to file their Self-Assessment tax returns. With penalties attached to late submission, HMRC has confirmed that it receives some creative and frankly bizarre excuses from those who miss the deadline as they attempt to swerve paying the associated fines. There have also been instances where questionable expenses have been included on those returns and submitted to HMRC.

HMRC has compiled a top ten of the strangest excuses and dubious expenses it's received in the past ten years, and they are as follows:

10. Caravan rental for the Easter week
9. I was up a mountain in Wales, and couldn't find a post box or get an internet signal
8. My dog ate the post…. again
7. Claiming £4.50 for sausage and chips meal expenses (for 250 days)
8. My hamster ate my post
5. I've been cruising round the world in my yacht, and only picking up post when I'm on dry land
4. A music subscription so I can listen to music while I work
3. Pet food for a Shih Tzu 'guard dog'
2. A DJ was too busy with a party lifestyle – spinning the deck….. in a bowls club
1. My mother-in-law is a witch and put a curse on me

Needless to say, none of the excuses and expenses listed above were successful.

The advice given is that HMRC will treat individuals with genuine excuses fairly and that the emphasis is mainly placed on persistent offenders, who regularly miss deadlines or provide incorrect information. There may be occasions where HMRC asks for evidence to support an excuse, so customers should be prepared for this.

Where customers advise HMRC of an acceptable reason for missing the deadline prior to 31 January 2020, they can avoid receiving a penalty notice after that date has passed.

The penalties associated with the late filing of tax returns can be substantial and get progressively higher the later a tax return is. They are as follows:

- An initial £100 fixed penalty. This is applicable even if there is no tax liability due, or if the tax due is paid on time but the Self-Assessment tax return is filed late

- After a three month duration, a £10 daily penalty may also be applied, up to a maximum of £900
- After six months, another penalty of 5% of the tax due, or £300 can be added. The figure added will be whichever is the highest of the two values
- After a 12 month period, a further 5% or £300 can be added. Again, whichever figure is greater will be added to the bill

The Director General of Customer Services at HMRC, Angela MacDonald, commented:

"Each year, we try to make it as easy and simple as possible for our customers to complete their tax returns and the majority make the effort to do theirs right and on time. But, we still come across some unusual excuses and expenses which range from problems with a mother-in-law to yachts set on fire.

We always offer help to those who have a genuine excuse for not submitting their return on time. It is unfair to the majority of honest taxpayers when others make bogus claims.

If you think you might miss the 31 January deadline, get in touch with us now – the earlier we're contacted, the more we can help."

There is a dedicated Self-Assessment helpline, and the contact number is 0300 200 3310.

Back to ***Contents***

HMRC review of Powers and Safeguards

11 February 2020

The CIPP together with a wide range of stakeholders and professional bodies are involved in research that looks to access how HMRC has delivered a wide range of **Powers and Safeguards** that have been brought in since 2012.

The powers (which in essence are what authorises HMRC to carry out an action, for example, issuing a penalty) span a number of themes which have been grouped as follows:

- Obtaining information
- Tackling avoidanc
- Ensuring compliance
- Conditionality
- Tackling enablers
- Collecting tax due

HMRC plans to narrow down the lengthy list of powers and safeguards to enable a 'deep dive' to be carried out on a small number of powers that will have been identified as having the most significant impact on stakeholders.

Powers that have not yet been delivered such as the latest Off-Payroll working reforms are not included in this review as they aren't yet delivered plus are the subject of other reviews.

CIPP comment

If you would be interested in feeding in to this work or would like to find out more, please contact Samantha Mann senior policy and research officer at samantha.mann@cipp.org.uk or policy@cipp.org.uk by 14 February 2020.

Back to ***Contents***

Ipsos MORI are looking for agents to participate in research on powers and safeguards for HMRC

24 February 2020

Ipsos MORI are carrying out research on HMRC's behalf with agents who have dealt with an Accelerated Payment Notice, Follower Notice, or notice under the GAAR on behalf of at least one client.

The interview will cover agents' experiences of dealing with HMRC when representing these clients. Findings will contribute to an HMRC evaluation of powers introduced since 2012.

If you have represented at least one client who has been served with a notice under the APN, FN or GAAR – and are willing to participate in a phone interview lasting 45-60 minutes in late February or March – please contact Ipsos MORI directly at HMRC-Powers-Research@ipsos.com**.**

Those selected for interview will receive £150 from Ipsos MORI in recognition of their time. Please note, HMRC cannot guarantee everyone expressing interest will be contacted for interview.

Further information

Why is this research being conducted?

In 2018, the House of Lords Economic Affairs Committee (LEAC) published a report – Treating Taxpayers Fairly – raising concerns that HMRC was prioritising tax collection over ensuring fair outcomes for our customers[1].
The government responded accepting most of LEAC's recommendations to increase public confidence in HMRC's operations. In July, the Financial Secretary to the Treasury (FST) issued a Written Ministerial Statement (WMS) announcing that HMRC would:

- Evaluate the implementation of the powers introduced since 2012, considering the powers and safeguards principles whilst engaging with external stakeholders. The findings will be published later this year.

The scope of the evaluation will only cover the implementation of the powers – which are Accelerated Payment Notices (APN), Follower Notices (FN) and the General Anti Abuse Rules (GAAR) as opposed to the policy itself.
As part of the evaluation, HMRC have commissioned Ipsos MORI to interview tax agents who have represented at least one taxpayer subject to either an FN, APN or GAAR notice. The experience you have of dealing with HMRC on these issues is not restricted to the last couple of months. HMRC will be interested to hear from agents who have experience from when the power was introduced in particular if changes have been made by HMRC to make the process much easier for taxpayers and/or their agents.

What happens with the information I have provided?

Ipsos MORI will not share details of agents who participate in the research with HMRC to ensure they remain anonymous, which is why HMRC are asking you to contact Ipsos MORI directly to register your interest in participating. The interviewer will ask general questions about your dealings with HMRC under the powers, and will **not** ask you to disclose the identities of any taxpayers you have represented. An anonymised report of the research will be published on GOV.UK later in 2020 as part of the evaluation of the powers.

Once the research is complete, Ipsos MORI will securely delete all information collected for the project including interview transcripts and participants' contact details.

Q: If I volunteer am I guaranteed a place on the research?

We are unable to guarantee that if you do volunteer that you will be selected. Ipsos MORI may conduct a short 'screening' interview with those expressing an interest in participating to check their eligibility to participate, before offering a full interview and £150 reimbursement for their time.

HMRC contact for the research

If you wish to volunteer to participate in the research, please contact Ipsos MORI directly at HMRC-Powers-Research@ipsos.com. However if you have any further questions about the research, please contact psevaluation@hmrc.gov.uk

Back to ***Contents***

CWG2: further guide to PAYE and National Insurance contributions

25 February 2020

The CWG2: further guide to PAYE and National Insurance contributions has been updated for tax year 2020-21 and can be located here.

The guide has been updated to reflect the introduction of the Class 1A National Insurance contributions due on termination awards above £30,000 and on any sporting testimonial payments made by an independent Testimonial Committee that exceed £100,000, as they will be reportable in real time through the payroll, from 6 April 2020 onwards.

The guide also discusses updates to the Employment Allowance which will take effect from the new tax year, primarily that employers who had qualifying Class 1 Secondary National Insurance contributions liabilities of £100,000 or more in the previous tax year will no longer be able to claim. Employers will need to make a new claim for the Employment Allowance each tax year, as claims will no longer roll over to the next tax year automatically. In circumstances where employers claim the Employment Allowance and state aid rules apply to their business, they will receive a letter to confirm their claim. In instances where no letter is received, the advice is for employers to check their Generic Notification Service (GNS) messages, which will provide details as to why their claim has been rejected.

It is advisable for payroll professionals to familiarise themselves with the CWG2 guide as it covers how to deal with PAYE and National Insurance contributions in some less common situations, which means that it is an invaluable tool.

Back to ***Contents***

Updated starter checklist released

27 February 2020

HRMC's Software Developer Support Team (SDST) has circulated an updated and improved starter checklist form, for completion by new employees so that their new employer can create their payroll record and include them on Full Payment Submissions (FPS).

The new version can be located here, and has been amended to reflect user research, which has resulted in improvements to the wording of the questions for the employee statement. The questions require new starters to select statement A, B or C, and the option selected can dictate which tax code they are placed on, if no useable P45 is provided. The starter checklist is also important as it requires new employees to confirm if they have a student loan, and if so, which plan type they are on, and allows new starters to confirm where they have a postgraduate loan.

The new form can be used immediately, but the previous version can be used where old stocks are held.
The advice given is that the checklist at https://www.gov.uk/government/publications/paye-starter-checklist will be updated in due course.

Back to ***Contents***

HMRC to withdraw P60 and P45 stationery

2 March 2020

As part of its digitisation of communications project, HMRC has announced that it intends to withdraw P60 and P45 stationery from tax year 2020-2021 onwards.

Employers are urged to order any P60 or P45 paper now, as HMRC hopes that the bulk of requests will be made in March and April, but will still honour requests for P60s made in May and June. The stance on P45s is slightly different as, unlike P60s, they don't have a specific shelf life so P45 stationery will be withdrawn indefinitely in April.

HMRC will be writing to smaller employers who make regular P60 and P45 orders to advise them of the changes, so if this is applicable to you, please expect to receive formal notification shortly. The resounding message is that most payroll software has the functionality to print P60s and P45s on plain paper, so the move shouldn't have a significant impact on a large number of payroll departments. In fact, it should be applauded, as the changes signify a move towards a more environmentally friendly HMRC.

It has been confirmed that HMRC's Basic PAYE Tools (BPT) also offers the option to print P60s and P45s for the small companies that utilise it.

HMRC will still work alongside employers who have an agreement in place that means that they are exempt from online payroll reporting and Real Time Information (RTI). They will still be able to continue to report their payrolls on paper.

CIPP comment

The CIPP is relieved that HMRC will continue to offer P60 stationery to employers in relation to the current tax year. Previous communications seemed to suggest that the document would be withdrawn from April, with no further distribution for requests made in May and June. HMRC's recent confirmation that they continue to supply P60 stationery to employers who make requests in May and June is extremely welcome, as this gives employers a whole 12 months to source another provider, should they still require the paper to print P60s at the end of tax year 2020-21.

Back to ***Contents***

HMRC launches consultation into its draft revised charter – have your say!

2 March 2020

HMRC is planning to update its charter which outlines the standards of behaviour and values that HMRC aspires to when interacting with customers - effectively what customers can expect from HMRC, and what HMRC expects from its customers.

HMRC's charter is a legal requirement under the Finance Act 2009 section 92, and the legislation states that the charter 'must include standards of behaviour and values to which Her Majesty's Revenue and Customs will aspire when dealing with people in the exercise of their functions.'

There is also a legal requirement for the charter to be regularly reviewed and for the revisions to be published. The charter was last reviewed and completed in August 2015. HMRC initiated the current review into the charter back in September 2019 and the ambition is for the revised charter to communicate the experience that it wants to deliver to customers more effectively.

Recommendations were made by both the Loan Charge Review and the House of Lords Economic Affairs Committee Report 'The Powers of HMRC: Treating Taxpayers Fairly' in relation to the charter, and they have been accepted and acknowledged in revising the charter.

The consultation period will run from Monday 24 February to Friday 15 May 2020, in which time HMRC welcomes comments on all aspects of the revised draft charter and how HMRC uses it.

The draft version of the HMRC revised charter can be found here.

HMRC has provided some questions, which may help to structure any feedback:

- Do you think the draft charter sets the right standards for HMRC's service to customers?
- To what extent do you feel the draft charter sets out the areas which are most important to customers when interacting with HMRC?
- How you would like to see HMRC measure and monitor how it is performing against the charter, including how it can best listen to feedback and take action on areas for improvement?

Feedback can be emailed to: HMRC.Charter@hmrc.gov.uk.

Alternatively, comments can be written to: HMRC Charter Team, Customer Insight and Design Directorate, 9th Floor, 10 South Colonnade, Canary Wharf, London E14 5AB

Back to ***Contents***

HMRC reveals intentions to stop automatically sending paper Self-Assessment returns

19 March 2020

As part of its plan to stop the unnecessary use of paper, HMRC has announced that Self-Assessment customers should no longer expect to receive automatic paper returns in the future.

The blank copies will no longer be distributed automatically, in a bid to encourage customers to make use of the online services that are available to them, and to engage with HMRC digitally. It has already been confirmed that last year, a staggering 94% of HMRC's customers filed their return online, and there was recently a 110% increase in the number of customers registering to communicate digitally.

From April, taxpayers can still opt to file a paper return if they wish, but they will be encouraged to file online if they are able to do so. The environmentally friendly measure will mean that, instead of receiving a paper return automatically, taxpayers will receive a short notice to file. The notice will inform taxpayers that HMRC intends to communicate with them digitally and provide them with information regarding the management of their tax affairs through their Personal Tax Accounts. If taxpayers still want to file on paper, the blank version of the return will be available for download, or they can contact HMRC to obtain one.

When individuals access their Personal Tax Account online, HMRC will request their agreement to communicate digitally by default and, providing they consent, all further communication, including any statutory notices, will be provided digitally. In circumstances where HMRC has identified that there are taxpayers who cannot file online for any reason, these individuals will continue to receive blank paper returns.

HMRC's Director General for Customer Services, Angela MacDonald, commented:

"Most customers manage their tax affairs online. It's easy, secure and available 24 hours a day. Customers can also sign up for email alerts and online messaging. It doesn't even have to be done all in one go – they can stop, save what they've done, and pick up where they left off later.

We are working hard to stop the use of unnecessary resources which have an environmental impact; that's why we're reducing the use of paper as much as possible.

Digitisation remains an HMRC priority but we're still committed to giving taxpayers the ability to choose what's best for them, so those who want to file a paper return can still do so."

The latest announcement follows on from other HMRC measures that are being implemented to reduce the unnecessary use of paper, by withdrawing P60 and P45 stationery. Currently, HMRC issues over three million blank P45s and 11 million P60s but most free and commercial payroll software can produce P45s and P60s, and a lot of employers already use this. Annual Tax Summaries will also move to taxpayers' Personal Tax Accounts.

Back to ***Contents***

HMRC launches a consultation in relation to tackling Construction Industry Scheme abuse

25 March 2020

HMRC has launched a consultation that seeks views on changes to the rules to prevent tax loss through the operation of the Construction Industry Scheme (CIS).

HMRC would like to hear from individuals who work within construction, those who operate within the CIS, and anyone representing construction businesses. HMRC is particularly interested in hearing from sub-contractor employers who set off CIS deductions in-year against their employer liabilities, and from larger contractors at the top of supply chains, who would be most impacted by proposals relating to supply chains.

It was announced at Budget 2020, that from April 2021, HMRC will have the power to correct the amount of CIS deductions claimed on a sub-contractor employer's return, in scenarios where they identify or suspect that inaccurate amounts have been claimed. Other changes include clarifying the law regarding the CIS rules on 'materials deductions' and 'deemed contractors'. The government is also considering whether to introduce measures to improve the information available to HMRC in relation to construction supply chains, and to encourage contractors to undertake supply chain due diligence to support CIS compliance by all parties within a chain.

The consultation seeks input in three key areas:

- Feedback on the measure designed to ensure CIS deductions claimed by employers are permitted only where there is satisfactory evidence to support them, particularly on the implementation of the proposed provision
- Other ideas, or rules within the CIS that could be clarified, to minimise misinterpretation and abuse
- Feedback on the supply chain measures which are at an early stage of development

The consultation will run for a period of ten weeks, commencing on 19 March 2020 and finishing on 28 May 2020.

CIPP comment

If you have any feedback on any of the topics covered within HMRC's consultation: Tackling Construction Industry Scheme abuse, then please get in touch with the Policy team, at policy@cipp.org.uk. As always, the voice of our members is of paramount importance to us so we value all of the responses and opinions that we receive.

Back to ***Contents***

HMRC text message scam warning

26 March 2020

The CIPP has received reports of scam text messages that are being circulated, from sources purporting to be HMRC, and advising that, due to the coronavirus outbreak, those targeted are entitled to a tax refund.

The text message contains a link which claims that individuals should follow it, in order to calculate the refund that they are entitled to. The advice is that people should never click on the link, to ensure that their personal details aren't compromised.

The message appears to originate from contact number +447517309365.

HMRC takes security very seriously and this is an additional reminder that you need to be alert, particularly given current circumstances. If you cannot verify the identity of the person sending the text message, you should not click on any associated links, and refrain from providing any personal details.

You should report these incidents on the Action Fraud website or you can call them on 0300 123 2040 (Please note this number will be charged at your normal network rate).

A reminder that:

You will never receive an email, text message or phone call from HM Revenue and Customs (HMRC) which:

- Tells you about a tax rebate or penalty
- Asks for your personal or payment information

Always check HMRC's guidance on recognising scams if you're not sure.

You can report something suspicious to HMRC's phishing team, for example:

- A text message (forward it to 60599 - you'll be charged at your network rate)
- An email
- Details of a phone call asking for personal information or threatening a lawsuit

To learn more about dealing with phishing and scams visit GOV.UK. You can also refer to HMRC security advice.

Back to ***Contents***

HMRC Employer Bulletins

HMRC Employer Bulletin: December 2018

13 December 2018

The latest Employer Bulletin is now available and is a bumper edition which sets out Budget announcements and the Finance Bill 2018-19 measures.

The Bulletin is packed full of useful reminders and interesting articles on subjects that we may 'think we know all there is to know' – it is always worth taking a little time out of your busy schedule to read through the bulletin just to make sure.

The Employer Bulletin (December, Issue 75) contains articles on:

- Budget announcements
- Finance (No 3) Bill 2018-19 Measures
- Employers choosing to reimburse their staff for the cost of the EU Settled Status scheme
- Important information about Visa Costs being met by UK employers
- Employer-provided living accommodation – the 'customary' test under s99(2) ITEPA 2003
- Contacting HMRC
- Feedback from employers introduced into apprenticeship service
- Welsh rates of Income Tax (WRIT)
- Toolkits – helping to reduce errors
- Basic PAYE Tools for 2019-2020
- Off-payroll working in the private sector
- Company Car Tax Diesel Supplement
- New entitlement to Parental Bereavement Leave and Pay
- Paying HMRC
- RTI payroll submissions
- Student Loans – 6 April 2019 changes
- Top 10 mistakes employers make when paying the National Minimum Wage
- Payrolling BiKs
- HMRC Taxes Helpline
- Disability Confident
- Agency Doctors Update
- Termination Payments and Income from Sporting Testimonials
- Statutory Payments rates 2019-2020
- An update on UK traders EU Exit preparations

Back to ***Contents***

HMRC Employer Bulletin: February 2019

11 February 2019

The latest Employer Bulletin is now available; a bi-monthly publication which provides employers and agents with the latest information on payroll topics.

This newsletter from HMRC is always worth reading thoroughly as it is easy to miss something which may affect a new process or legislative change.

More Frequent Data Sharing (MFDS)
Amongst many other things, the bulletin highlights that from April 2019, HMRC will send the student loan repayment information you report on your Full Payment Submission to the Student Loans Company (SLC) more frequently throughout the year. This is known as More Frequent Data Sharing (MFDS). This means that your employee's student loan balance will regularly be updated. There is no action for you to take, however, some employees may ask you to check and confirm the information you have sent to HMRC.

The Employer Bulletin (February, Issue 76) is a bumper edition ahead of the start of the 2019-20 tax year with articles on:

- End of year reporting
- Reporting expenses and benefits
- Student Loan notices
- Postgraduate loans
- Starter checklist
- PAYE Desktop Viewer Update

- Basic PAYE Tools
- Disguised Remuneration Loan Charge
- P9 Notice of Coding
- Payrolling BIK
- Pensions Relief
- Tax Free Childcare
- Scottish Income Tax
- Toolkits – helping to reduce errors
- Welsh Rate of Income Tax
- Extending security deposit legislation
- Child Benefit and Protecting State Pension
- New entitlement to Parental Bereavement Leave and Pay
- Increase in National Minimum and National Living Wage on 1 April
- Employers can allow providers to create apprenticeship cohorts on their behalf
- Access to Work: Grants to help your employees with a disability or health condition
- Construction Industry Scheme (CIS) webinars
- Preparing businesses for EU Exit

Employer Bulletin - February 2018

Back to ***Contents***

HMRC Employer Bulletin – April 2019

12 April 2019

The latest Employer Bulletin is now available; a bi-monthly publication which provides employers and agents with the latest information on payroll topics.

This newsletter from HMRC is always worth reading thoroughly as it is easy to miss something which may affect a new process or legislative change.

The Employer Bulletin: April 2019 is a bumper edition with plenty of reminders of changes for the 2019-20 tax year, including articles on:

- Cash Allowances
- Flexible Benefit Packages and Salary Sacrifice
- HMRC's criminal offences for failing to prevent the facilitation of tax evasion
- The Official Rate of Interest remains at 2.50%
- Apprenticeship levy funds transfer limit
- Toolkits – helping to reduce errors
- Earlier Year Update (EYU) process change
- Unpaid work trials and the National Minimum Wage
- EU Exit Preparedness and SMEs
- Reporting payroll when your normal payday falls on a non-banking day
- Taking on new employees
- Welsh rate of Income Tax
- Reporting Expenses and Benefits in Kind for the tax year ending 5 April 2019
- Disguised Remuneration Loan Charge
- Student Loans
- Basic PAYE Tools – New Release
- Employers: stay in the PAYE picture
- Scottish Income Tax
- Increase transparency, drive cultural change and improve employee engagement and retention in your workforce
- Diesel Supplement Company Car Tax Changes to meet Euro standard 6d
- Construction Industry Scheme
- CWG2 and CWG5 updates
- Off-payroll working rules from April 2020

Employer Bulletin: April 2019

Back to ***Contents***

HMRC Employer Bulletin – June 2019

14 June 2019

The latest Employer Bulletin is now available; a bi-monthly publication which provides employers and agents with the latest information on payroll topics.

This newsletter from HMRC is always worth reading thoroughly as it is easy to miss something which may affect a new process or legislative change.

The Employer Bulletin: June 2019 includes articles on:

- Expenses and Benefits
- Toolkits – 2019 Updates
- June electronic payment deadline falls on a weekend
- Supply Chain Fraud
- In-Year Triggers
- Using loans to escape the Optional Remuneration rules
- Re-enrolment of staff back into a workplace pension scheme is a two-stage process
- Student/Postgraduate Loan notices
- Disguised Remuneration Loan Charge
- The General Data Protection Regulations/Data Protection Act 2018 – Have you paid the annual data protection charge?
- Professional fees and subscriptions: List 3 updates

- Contractors operating CIS – new VAT reverse charge on building and construction services
- Help your employees make school holidays easier with Tax-Free Childcare
- How to quickly confirm National Insurance numbers
- Admin Burden Advisory Board 2019 Annual Report

Employer Bulletin: June 2019

Back to ***Contents***

Employer Bulletin – August 2019

15 August 2019

The latest Employer Bulletin is now available; a bi-monthly publication which provides employers and agents with the latest information on payroll topics.

The Bulletin includes confirmation that HMRC will not charge penalties automatically for 2019/20 provided a Full Payment Submission (FPS) is filed within 3 days of the payment date.

This newsletter from HMRC is always worth reading thoroughly as it is easy to miss something which may affect a new process or legislative change.

The Employer Bulletin: August 2019 includes articles on:

- PAYE RTI penalties – continuation of the risk-based approach to charging penalties
- Class 1A liabilities payable on Termination Awards and Sporting Testimonial Payments
- Off-payroll working rules from April 2020
- Disguised Remuneration
- Basic PAYE Tools – New Release
- Toolkits – Revisions published
- Seasonal Workers
- Construction Industry Scheme (CIS)
- Contractors operating CIS – new VAT reverse charge on building and construction services
- 'Trivial Benefits' for your employees – get them right
- Welsh rates of Income Tax
- Student Loans
- Good Work Plan: Proposals to support families
- Did you know that sickness absence costs employers around £9 billion per year?

Employer Bulletin: August 2019

Back to ***Contents***

Employer Bulletin – October 2019

17 October 2019

The latest edition of the Employer Bulletin was published by HMRC today and can be located here.

The bulletin is published on a bi-monthly basis and provides essential information surrounding payroll topics. The CIPP recommends that payroll professionals or those with an interest in payroll read the document in its entirety to ensure that they are aware of any legislative changes that have been announced.

The current issue discusses the calculation of tax liabilities on Post-Employment Notice Pay (PENP) for Termination Awards, which has previously been raised as an issue as the figures can vary depending on the year in which the notice has been given.

The Employer Bulletin: October 2019 covers the following material:

- Changes for UK employers sending worker to the EU, the EEA or Switzerland
- PAYE Settlement Agreements and Welsh rate of Income Tax
- Making your PAYE Settlement Agreement payment
- Reporting payroll information accurately and on time
- Guidance for employers on reporting PAYE information in real time when payments are made early at Christmas
- VAT reverse charge on construction services – introduction delayed by 12 months
- Disguised Remuneration
- Termination payments: Post Employment Notice Pay for employees paid by equal monthly instalments
- PAYE: Desktop Viewer Update
- The current PAYE special arrangement under Regulation 141 for Short Term Business Visitors is changing
- Do your employees have the right tax code?
- Employment Allowance reform – eligibility rules for the Employment Allowance are changing from April 2002
- Do you claim the Apprenticeship Levy Allowance or Employment Allowance?
- Changes to company car tax regime
- Student and Postgraduate Loans
- Advisory Fuel Rates
- Your automatic enrolment duties as a new employer
- Toolkits – helping to reduce errors
- High Income Child Benefit Charge
- Childcare vouchers
- Trivial Benefits in kind
- Paying for fitness equipment

Back to ***Contents***

Employer Bulletin – December 2019

5 December 2019

The latest edition of the Employer Bulletin has been released by HMRC and can be located here.

The bulletin is published on a bi-monthly basis and provides essential information surrounding payroll topics. The CIPP recommends that payroll professionals or those with an interest in payroll read the document in its entirety to ensure that they are aware of any legislative changes that have been announced.

The bulletin normally includes reminders relevant to the period that it is released in, and this edition reiterates the fact that there is an easement on reporting PAYE in real time over Christmas. This will be a permanent measure and will apply each December. The bulletin also politely reminds readers that, as the deadline for paying liabilities across to HMRC – the 22nd – falls on a weekend date, that the funds must be cleared in HMRC's account by the 20th, unless there is the facility to make a Faster Payment.

The Bulletin also alerts readers to the upcoming deadline for filing a tax return before the 31 January deadline should the High Income Child Benefit Charge apply to them. This applies in scenarios where an individual earns over £50,000 and either they or their partner are in receipt of Child Benefit payments. The advice given is for employers to inform their staff about the High Income Child Benefit Charge so that they understand their obligations and do not end up facing a penalty. Individuals can fill in the Child Benefit claim form but opt out of receiving payments so that they do not have to pay the charge but this ensures that they still receive National Insurance credits, which protect their state pension.

The contents of the Bulletin in full are as per below:

- Guidance for employers on reporting PAYE information in real time when payments are made early at Christmas
- Electronic payment deadline falls on a weekend
- Advisory Fuel Rates from 1 December 2019
- Ultra Low Emission Vehicle
- High Income Child Benefit Charge deadline 31 January
- Tax-Free Childcare payments
- Update on Termination payments: Post Employment Notice Pay for employees paid by equal monthly instalments
- Trivial Benefits in Kind Exemption – Getting it right
- Business mergers and changes of ownership, what you need to
- Workplace pensions – remember to keep paying in
- Toolkits – helping to reduce errors
- Student / Postgraduate Loans
- PAYE Desktop Viewer

The CIPP will continue to alert its members when Employer Bulletins are released.

Back to ***Contents***

Employer Bulletin – February 2020

13 February 2020

The latest edition of the Employer Bulletin has been released by HMRC and can be located **here**.

The bulletin is published on a bi-monthly basis and provides essential information surrounding payroll topics. The CIPP recommends that payroll professionals or those with an interest in payroll read the document in its entirety to ensure that they are aware of any legislative changes that have been announced.

This particular edition is bursting at the seams with valuable information and discusses the review of off-payroll working rules, and confirms dates for when the HMRC webinar will be held, after a brief hiatus due to purdah prior to the general election. There is a reminder of the recently published National Insurance (NI) thresholds, with confirmation that the Primary Threshold (PT) will be uplifted to £9,500. Reference is also made to the proposed Statutory Payments rates.

There are timely reminders about yearend reporting, and guidance on submitting the final Full Payment Submission (FPS) and Employer Payment Summary (EPS) of the tax year, along with the dates of the deadlines for the distribution of P60s to staff, and for for sending out P11Ds and a P11D(b) to HMRC. Continuing with this theme, the Bulletin confirms that P9 Notice of Coding notifications will be sent out shortly in preparation for the new tax year. There is also a reminder that customers need to update their Basic PAYE Tools should they use them, in readiness for the 2020-2021 tax year.

There is a topical article on Benefits in Kind with Cash Allowances, Flexible Benefit Packages and Salary Sacrifice which is of relevance as OpRA legislation means that some of the arrangements that were previously protected under grandfathering will no longer be from 6 April 2021, and so employers will need to review any relevant contracts prior to that point.

The contents of the Bulletin in full are as per below:

- Review of off-payroll working rules from April 2020
- NIC thresholds and Statutory Payments rates 2020-2021
- Electronic payment date falls on a weekend
- Student and Postgraduate Loans
- Get ready for the rise in the National Minimum and National Living Wage rates on 1 April 2020
- End of year reporting 2020

- Parental Bereavement Leave and Pay
- Preparing for changes to Employment Allowance
- P9 Notice of Coding
- Basic PAYE Tools – New Release
- A reminder on Benefits in Kind with Cash Allowances, Flexible Benefit Packages and Salary Sacrifice
- Reporting expenses and benefits
- Small business survey – Tell ABAB
- Short-Term Business Visitors
- Trivial Benefits
- Ultra Low Emission Vehicles and Diesel Supplement Company Car Tax Exemption changes
- Changes to the income tax and NICs treatment of emergency vehicles – end of transitional arrangements from 6 April 2020
- Issues regarding payroll identification of secondees to the UK in error
- Disguised Remuneration
- Business Tax Account -2013-2014 data to be removed
- Register as an employer
- A reminder for employees to update their Personal Tax Account
- Sporting Testimonials & Termination Payments budget measure
- Update on Termination Payments
- News from The Pensions Regulator
- How does the ageing workforce affect you?
- Upcoming changes to Employment Law
- Booklet 480 online
- A new digital tool from the Department for International Trade

The CIPP will continue to alert its members when Employer Bulletins are released.

Back to ***Contents***

Employer Bulletin: Budget Special

19 March 2020

HMRC has published an Employer Bulletin Budget Special that provides a high-level overview of some of the main headlines that may be of interest to employers.

The Budget 2020 Edition is also available in the Welsh language and covers subjects that include:

Employment Allowance increase as from 6 April to eligible employers. The increase will take the current maximum annual amount from £3,000 to £4,000. The legislation applicable to the increase can be found here.

Eligible businesses and charities will be able to claim a greater reduction on their Secondary Class 1 National Insurance contributions liability. The £4,000 will count towards de minimis State aid limits which, for the following trade sectors are:

Primary production of agriculture products	€20,000
Fisheries and aquaculture sector	€30,000
Road Freight Transport sector	€100,000
Industrial / Other	€200,000

From 6 April 2020, the Employment Allowance will be available to employers who have a secondary (employers) Class 1 NIC bill in the preceding tax year that is less than £100,000.

Off-payroll working rules from April 2020 in the private and third sectors will continue to roll out as initially proposed but will see the recommendations brought in, in a bid to improve the delivery of these latest reforms, which are:

- In the first year, customers will not be required to pay penalties for errors that relate to off-payroll, with the exception of cases where there has been deliberate non-compliance

- HMRC has confirmed that information resulting from changes to the rules will not be used in order to open new investigations into Personal Service Companies for tax years prior to 6 April 2020, unless there is sufficient reason to suspect criminal behaviour or fraud

- HMRC has also reiterated its previous announcement that the rules will become applicable to services carried out from 6 April 2020, and not as previously planned, to payments made on or after 6 April 2020 but that related to service delivered before 6 April e.g. if services were provided on 30 March 2020 but not paid until 8 April 2020, the new rules would not now apply. If the services were provided on 8 April 2020, then the new rules will apply

- There will be a legal obligation for clients to respond to a request for information regarding their size from the agency or worker and legislation will be updated to address concerns raised over rules as they apply to off-shore companies.

Pensions 'net pay' and 'relief at source

The government has announced a 'call for evidence' on how to address the different outcomes for lower earners, depending on whether their pension schemes use the relief at source (RAS) or net pay (NPA) method of tax relief. The call for evidence will be published in the Spring and will seek views from a wide range of stakeholders on how the two systems could be aligned.

There are an estimated 1.3 million workers earning below or just above the personal income tax allowance not receiving tax relief on some or all their contributions because their employer's pension scheme uses NPA; this makes pension saving up to 25% more expensive for them as compared to a worker contributing to a RAS arrangement.

The CIPP is a member of a group campaigning to ensure that there is a level playing field for all pension contributors, and strongly believes that the government should address these issues. The CIPP is therefore very pleased at the announcement of a call for evidence on how best to address this anomaly.

For full details, the Employer Bulletin Budget Special is available on GOV.UK.

Coronavirus (COVID-19) Government Response is also available on GOV.UK.

Back to ***Contents***

Making Tax Digital

HMRC delays rollout of digital VAT returns – for some businesses

29 October 2018

Filing VAT returns using the Making Tax Digital system has been delayed for some companies due to the complexity of the system, customer concerns and Brexit complications.

HMRC recently invited over half a million businesses to join the a newly launched MTD pilot for the new online VAT service ahead of new rules coming into force in April 2019.

HMRC believe that Making Tax Digital for VAT will make it easier for businesses to manage their tax and will save them, and their agents, time which can instead be devoted to maximising business opportunities, encouraging growth and fostering good financial planning.

From 1 April 2019 approximately 1 million businesses registered for VAT with a taxable turnover above £85,000 will need to keep their VAT records digitally and file their returns using Making Tax Digital-compatible software.

The recently launched pilot opened for businesses whose affairs are up to date and straightforward, and will extend to most other business types in the coming months. HMRC has delayed joining for a further 6 months for a small group of customers who have more complex requirements. The delay will allow more time for testing the service with them in the pilot before they are required to join.

Mel Stride MP, Financial Secretary to the Treasury, said:

"HMRC is transforming the tax administration so that it's more effective, more efficient and easier for taxpayers. Today's announcement means that around half a million businesses will be able to join Making Tax Digital and start filing their VAT returns online, making it easier to get their tax right first time.

More and more businesses use digital tools every day to help them operate – tax shouldn't be different. This is a major step towards bringing VAT into the 21st century."

Theresa Middleton, Director for Making Tax Digital for Business, said:

"Millions of people are already banking, paying bills and interacting with their suppliers and customers online. Using digital tools to help businesses manage their business income and expenses and get their tax right builds on this momentum and will also help them get more control over their finances.

Eligible businesses and agents shouldn't leave preparations to the last minute and are encouraged to join the pilot as soon as they can. Read more information on Making Tax Digital."

Back to ***Contents***

MTD for VAT: Pilot now open to all affected businesses

15 January 2019

The Making Tax Digital for VAT pilot has been extended by HMRC, meaning that all customers mandated to use the service from April 2019 are now able to access the pilot.

The Association of Accounting Technicians (AAT) has reported that the pilot so far appears to be going successfully, (according to HMRC) with over 3,500 businesses having already joined it with the number of daily sign-ups now exceeding 100.

Other VAT businesses that are mandated to join from October 2019 are seeing the pilot scheme gradually open up to include those firms as well.

All VAT registered entities with an annual VAT-able turnover of £85,000 or more will now therefore have the chance to test their accounting systems, prior to them being required to keep a digital record of their VAT transactions from 1 April 2019 onwards.

HMRC is rightly urging "as many eligible businesses as possible" to take part in the pilot ahead of the April mandation.

AAT has produced a detailed guide to help accountants and bookkeepers prepare their clients for the first implementation phase of Making Tax Digital.

Back to ***Contents***

Which software packages support the Making Tax Digital pilots

18 January 2019

If you are an agent and you sign clients up to the Making Tax Digital pilots you'll need software packages that, depending on your needs, let you send Income Tax updates and submit VAT Returns to HMRC on their behalf.

You'll need this software to keep records of income and expenses for Income Tax, or sales and purchases for VAT. If you're already using software to keep records, check with your provider when the software will be ready to allow you to send updates and submit returns to HMRC throughout the year.

GOV.UK has recently updated and added to the list of Software suppliers with products for submitting VAT Returns as part of the Making Tax Digital pilot.

Back to ***Contents***

Making Tax Digital for Business

14 February 2019

Most VAT-registered businesses with a taxable turnover above the VAT threshold (currently £85,000) are required to keep digital VAT business records and send VAT returns using Making Tax Digital-compatible software from 1 April 2019.

HMRC's 'Making Tax Digital for Business – stakeholder communications pack' provides information for stakeholders, who can use the contents to inform their own communications activity and key messages for their clients, customers and members.

The following questions have been added to the FAQ section:

What does the 'soft landing' period actually mean? Does it cover all penalties for MTD?

No. The 'soft landing' period only covers the digital links requirements as set out under 3.2 .1 Digital links in the VAT Notice 700/22.
Businesses will have a 'soft landing' period to put in place digital links between software products where they use more than one product to meet their digital record keeping requirement. Businesses mandated to join Making Tax Digital for VAT from:

- *1 April 2019 will have until their first VAT return period starting on or after 1 April 2020 to put digital links in place between software products*
- *1 October 2019 will have until their first VAT return period starting on or after 1 October 2020 to put digital links in place between software products*

Are there any penalties for not complying with MTD? What happened to HMRC not coming down hard on those trying their best?

Yes. HMRC recognises that businesses will require time to become familiar with the new requirements of MTD. HMRC has been clear that during the first year of mandation it will not pursue record-keeping penalties where businesses are doing their best to comply with the law. But this does not mean a blanket 'no penalties promise'.

The VAT Default Surcharge (DS) regime will continue to apply to safeguard VAT revenue, and other sanctions remain possible for deliberate non-compliance.

MTD should not increase the risk of this penalty, as this penalty is only levied where a business doesn't pay their VAT or pays late while in DS.

Customers who receive a DS can contact HMRC if they have a reasonable excuse for this and HMRC will take account of all the relevant circumstances into consideration.

If a customer faces issues outside their control, such as an IT failure, and ends up receiving a penalty, HMRC would strongly encourage them to get in contact with their software provider or HMRC as soon they can. HMRC wants to ensure that MTD lands well and customers feel supported, where needed.

Making Tax Digital for Business – stakeholder communications pack

Back to ***Contents***

Making Tax Digital plans for small businesses to go ahead

19 March 2019

The Government announced in the Spring Statement that it would focus on supporting businesses to transition, and will therefore not be mandating Making Tax Digital (MTD) for any new taxes or businesses in 2020.

The vast majority of VAT-registered businesses with a taxable turnover above the VAT threshold (£85,000) will be mandated to keep digital VAT records and send returns using MTD-compatible software from April 2019.

It was announced in July 2017 that the pace of mandation would be slowed and that Making Tax Digital will not be mandated for taxes other than VAT until at least April 2020. The Chancellor reaffirmed these plans for MTD during his Spring Statement and promised firms they would not face fines if they do their best to adapt. However, similar reporting standards for income tax, expected to be introduced in April 2020, have been pushed back by at least a year.

Businesses can get involved in the Income Tax pilot now on a voluntary basis

Stakeholder communications pack
The stakeholder communication pack provides information to support businesses that need to make the transition to digital VAT business record keeping and submission of VAT returns using MTD-compatible software from 1 April 2019.

The Making Tax Digital for Business – stakeholder communications pack has been updated with information from the 2019 spring statement.

Back to ***Contents***

National Insurance

Class 2 National Insurance will be staying

10 September 2018

Chancellor Philip Hammond has scrapped the Government's pledge to abolish Class 2 National Insurance contributions (NICs), but still intends to reform the NICs treatment of termination payments and income from sporting testimonials.

The move was laid out in a written ministerial statement by the Exchequer Secretary to the Treasury Robert Jenrick on 6 September 2018:

"The Government is announcing today that it will not proceed with the abolition of Class 2 National Insurance contributions (NICs) during this parliament.

This change was originally intended to simplify the tax system for the self-employed. We delayed the implementation of this policy in November to consider concerns relating to the impact on self-employed individuals with low profits. We have since engaged with interested parties to explore the issue, and further options for addressing any unintended consequences.

A significant number of self-employed individuals on the lowest profits would have seen the voluntary payment they make to maintain access to the State Pension rise substantially. Having listened to those likely to be affected by this change we have concluded that it would not be right to proceed during this parliament, given the negative impacts it could have on some of the lowest earning in our society.

Furthermore, it has become clear that, to the extent that the Government could address these concerns, the options identified introduce greater complexity to the tax system, undermining the original objective of the policy. The Government remains committed to simplifying the tax system for the self-employed, and will keep this issue under review in the context of the wider tax system and the sustainability of the public finances.

The Government still intends to legislate for reforms to the NICs treatment of termination payments and income from sporting testimonials, which were set out in the draft NICs Bill published on 5 December 2016. These are important changes to ensure the NICs treatment is consistent with the treatment of income tax in previous Finance Acts. We will set out further details in due course."

Back to ***Contents***

Class 1A National Insurance contributions on termination payments

25 September 2018

Following a discussion at HMRC's Employment and Payroll Group (EPG) meeting on Friday 21 September we now know that the proposed Class 1A National Insurance contributions on termination payments will not be reported through the FPS for 2019-20.

However, it was confirmed that the Government does still intend to impose an employer Class 1A NICs liability on the taxable portion of a termination payment, but Ministers have not yet decided on an implementation date.

Even at this late stage, implementation from April 2019 is still a possibility, but if it is implemented for the 2019-20 tax year it is more likely, at least as an interim arrangement, to be an annual charge reported and payable in July 2020 on a P11D(b) along with other Class 1A NICs liabilities, though we know that in the longer term the Government still intending that payment would be in real time.

There is still much to be confirmed, not least because we still don't have a definite implementation date, but if payroll software is going to help employers keep track of the payments they have made and calculate the Class 1A arising then we need that confirmation quickly.

We also need very clear and comprehensive guidance to help employers navigate through this process, both for the interim and longer term.

Back to ***Contents***

Changes to National Insurance contributions

2 November 2018

The following changes were announced in or alongside Budget 2018

Limits and thresholds
National Insurance contribution (NIC) limits and thresholds for 2019-20 were published in associated documents, showing:

- The weekly Lower Earnings Limit (LEL) increases to £118 (from £116)
- The weekly primary and secondary thresholds (PT, ST) increase to £166 (from £162)
- The Upper Earnings Limit (UEL), Upper Secondary Threshold (UST) for under 21s and Apprentice Upper Secondary Threshold (AUST) for under 25s increase to £962 a week (from £892)

The NICs rates remain unchanged.

Employment Allowance
The Employment Allowance is an annual amount that is currently available to all businesses and charities (with some exclusions) to offset against their Class 1 secondary NICs bill. It remains at £3,000 for 2019-20.
It was introduced in April 2014 to support employers to grow and hire new staff. However, it is a flat rate regardless of the size of the employer and is therefore less likely to be an incentive for larger employers. Therefore, the government has decided to target this allowance at smaller businesses.
From April 2020, the Employment Allowance will be restricted to organisations with a NICs bill below £100,000 in the previous tax year. Over 99% of micro-businesses and 93% of small businesses will still be eligible for the Allowance.

Draft National Insurance contributions Bill
The draft National Insurance contributions Bill contained measures to abolish Class 2 NICs – as previously announced in September, this change will not happen take place following concerns raised that they would have an adverse impact on the lowest self-employed individuals

Other proposals in the draft Bill will go ahead from April 2020: the introduction of employer NICs on termination payments and on income from sporting testimonials.

Read the CIPP's summary of Budget 2018 for further details of announcements.

Back to ***Contents***

Employment allowance changes from 2020

8 February 2019

The Employment Allowance is to be restricted from April 2020 to those smaller organisations with a National Insurance contribution (NIC) bill below £100,000 in the previous tax year.

The Employment Allowance is an annual amount that is currently available to all businesses and charities (with some exclusions) to offset against their Class 1 secondary NICs bill. It remains at £3,000 for 2019-20.

It was introduced in April 2014 to support employers to grow and hire new staff. However, it is a flat rate regardless of the size of the employer and is therefore less likely to be an incentive for larger employers. Therefore, the government has decided to target this allowance at smaller businesses.

From April 2020 an employer will only be entitled to claim Employment Allowance if that employer had an Employer NIC bill of less than £100,000 in the previous tax year.

The change effectively withdraws Employment Allowance for medium to large sized companies, with many employers with a gross annual wage bill of more than c.£850k affected by the change.

Given the low value of Employment Allowance, the change targets the allowance at employers who are likely to consider the relief that it gives, material.

Over 99% of micro-businesses and 93% of small businesses will still be eligible for the Allowance.

However regardless of size of company, you can't claim the employment allowance if:

- you're the director and the only employee paid above the Secondary Threshold
- you employ someone for personal, household or domestic work (like a nanny or gardener) - unless they're a care or support worker
- you're a public body or business doing more than half your work in the public sector (such as local councils and NHS services) - unless you're a charity
- you're a service company working under 'IR35 rules' and your only income is the earnings of the intermediary (such as your personal service company, limited company or partnership).

Back to ***Contents***

National Insurance Contributions (Termination Awards and Sporting Testimonials) Bill

29 April 2019

The National Insurance Contributions (Termination Awards and Sporting Testimonials) Bill has received its first reading in Parliament with the second reading scheduled for 30 April 2019.

The Bill provides for Class 1A national insurance contributions to be made on certain termination awards and to provide for the controller of a sporting testimonial to be the person liable to pay Class 1A national insurance contributions on payments from money raised by the testimonial.

The Bill makes provisions to amend:

- The Social Security Contributions and Benefits Act 1992 (Class 1A contributions: benefits in kind etc.)
- The Social Security Contributions and Benefits (Northern Ireland) Act 1992 (Class 1A contributions: benefits in kind etc.)

Termination Awards

The aim of the Bill is to bring about reforms that will more closely align the treatment of employer NICs (Class 1A) on termination payments in excess of £30,000 that are subject to PAYE income tax. At present some forms of termination awards are exempt from both employee and employer NICs and the first £30,000 is free from Income Tax.

This Bill will not affect:

- Employee NICs treatment of termination awards
- NICs treatment of statutory redundancy pay and compensation

Income Tax changes were made in the Finance (No 2) Act 2017 which took effect from 6 April 2018.

Sporting Testimonials

This Bill aims to align the NICs treatment of income from sporting testimonials with the tax treatment by:

- bringing payments from sporting testimonials that are non-contractual or non-customary and organised by an independent testimonial committee within the scope of Class 1A NICs
- applying the existing £100,000 Income Tax exemption to the NICs treatment
- ensuring the new NICs threshold will apply to only one testimonial in a lifetime, which could come from one event or a series of events held over a 12 calendar month 'testimonial year'

Income Tax changes were made in the Finance Act 2016 and took effect from 6 April 2017.

Regulations have yet to be laid that will enact this provision, but in the meantime a summary of the bill has been provided in guidance on NICs Termination Payments and Sporting Testimonials Bill.

If you have any questions about the Bill they can be submitted to HMRC by email to consultation.nic@hmrc.gsi.gov.uk

Back to ***Contents***

Proposals for over-50s to pay extra National Insurance to cover social care

3 May 2019

A social care green paper commissioned by the Rt Hon Damian Green MP suggests a range of methods to fill the immediate funding gap in the social care system, one of which is to impose a 1% National Insurance surcharge on those over 50.

The new report, 'Fixing the Care Crisis' for the Centre for Policy Studies, was commissioned by the First Secretary of State, Rt Hon Damian Green MP. It puts forward a bold and comprehensive proposal to secure the future of social care.

The report argues that the care system should adopt the model of the state pension – with the Government providing enough support for a decent standard of care via a new Universal Care Entitlement, while encouraging and incentivising people to top up this provision from their savings or housing wealth via a Care Supplement.

It also suggests a range of methods to fill the immediate funding gap in the social care system, estimated at approximately £2.75 billion. These include, in decreasing order of preference:

- Taxing the winter fuel allowance
- Diverting savings from the Spending Review
- Potentially imposing a 1% National Insurance surcharge on those over 50

Under Damien Green's proposals, a basic level of state-funded social care would be provided, with improvements paid for from individual's savings or their housing wealth.

According to The Times Labour have branded the plans, which would cost more than £300 per year for each over-50-year-old, a "tax on getting old".

Back to ***Contents***

How to quickly confirm National Insurance numbers

26 June 2019

When taking on a new employee you will need to know their National Insurance (NI) number and if the employee doesn't know it, the quickest way to obtain it is to ask them to use the HMRC App or their personal tax account (PTA) where they can view, print proof and share an image of their NI number.

By using their personal tax account or HMRC app, employees can immediately view, share or print a copy of their NI number confirmation letter.

However, if individuals are accessing their PTA for the first time and they do not have their NI number, they will be asked to provide their full name and postcode, which must match HMRC's records. To confirm their identity, they may also be asked to provide information from a P60, a recent payslip or a valid passport.

To use the HMRC App, individuals should sign in using the method they chose when they set up their PTA. For future access, they can choose the option to open using a passcode or fingerprint recognition. Confirming a NI number is just one of the PTA functions available – individuals can see their current and previous tax code, view and print the pay and tax details from their employment or update their name and address.

NI numbers can also be found on previous payslips, P60s, or letters about tax, pensions and benefits.

Employees can complete a form and HMRC will post their NI number to their home address (this can take up to 15 days).

And there is also the National Insurance Number Helpline. Lines are open 8am to 8pm, Monday to Friday, 8am to 4pm on Saturday. HMRC will then post confirmation (again it can take up to 15 days using this method).

Using the correct NI number is important as it helps ensure HMRC records are correct, prevents incorrect information being issued and ultimately prevents more work for employers and HMRC.

This information was highlighted in the June edition of HMRC's Employer Bulletin.

Back to ***Contents***

Employment Allowance eligibility reforms

26 June 2019

A technical consultation has been published which seeks views on the draft regulations and related documents that will reform the eligibility rules for the Employment Allowance by targeting it at smaller businesses from April 2020.

Geographical extent – United Kingdom

HMRC welcome comments on the draft documents, which will be of most interest to employers and businesses, particularly those which are larger or that are in receipt of state aid, and especially if it is state aid provided under the de minimis rules.

The draft legislation will provide that employers with a Class 1 secondary National Insurance liability of £100,000 or more in the preceding tax year are ineligible for the Employment Allowance.

To claim the Employment Allowance, employers must have space for the full Employment Allowance (currently £3,000) within their relevant de minimis state aid threshold.

The draft statutory note sets out the information requirements for employers claiming the Employment Allowance from April 2020.

The draft tax information and impact note will help explain the potential impact of the proposals on the economy, business, individuals, and other areas.

The regulations will be made under powers in section 5 of the National Insurance Contributions Act 2014 and, as has been previously announced, a final version of the regulations and guidance will be published in October 2019.

The legislation is intended to take effect from 6 April 2020.

This consultation closes at 11:45pm on 20 August 2019

CIPP comment
The CIPP policy team will be publishing a survey to gather the views of payroll professionals and others with a vested interest. We also plan to hold a Policy Think Tank roundtable meeting which will be open to full, fellow and chartered members – to note your expression of interest please email us at policy.

Back to ***Contents***

CIPP webcast on employment allowance changes from April 2020

29 July 2019

Spend a worthwhile ten minutes to find out what you need to know about the employment allowance (excluded persons) regulations 2019 and specifically what the changes mean for employers with a secondary NICs bill of less than £100,000.

Diana Bruce, CIPP Senior Policy Liaison Officer provides an overview of the changes that the draft regulations will bring if enacted and explains about the unintended consequence of employers and payroll professionals needing to know about 'de minimis state aid' for RTI reporting purposes.

CIPP webcast on employment allowance changes from April 2020

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019

29 July 2019

This 'Act' provides for Class 1A NICs on certain termination awards and for the controller of a sporting testimonial to be the person liable to pay Class 1A NICs on payments from money raised by the testimonial, from 6 April 2020.

The National Insurance Contributions (Termination Awards and Sporting Testimonials) Bill was introduced into Parliament on 25 April 2019 and received Royal Assent on 24 July 2019, to become the National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019.

Geographical extent *– The Act makes corresponding changes for Great Britain and Northern Ireland, ensuring that these changes apply throughout the United Kingdom.*

The Act introduces an important simplification of the tax system that helps to more closely align the Income Tax and NICs treatment of termination awards and sporting testimonials. Currently, the fact that termination awards and sporting testimonials are subject to different Income Tax and NICs treatment creates confusion.

These changes will close a loophole in the tax system. The current misalignment incentivises well advised employers to disguise final payments as compensatory termination payments that benefit from a NICs exemption.

This Act introduces a new 13.8% Class 1A Employer NICs charge to any part of a termination award or payment from a sporting testimonial, that are already Income Tax liable. Any income derived from termination awards or sporting testimonials will remain free from Employee NICs.

The government confirmed at Budget 2018 that these measures would take effect from **6 April 2020**.

Termination Awards

The Act will bring about reforms that will more closely align the treatment of employer NICs (Class 1A) on termination payments in excess of £30,000 that are subject to PAYE income tax. At present some forms of termination awards are exempt from both employee and employer NICs and the first £30,000 is free from Income Tax.

The Act will not affect:

- Employee NICs treatment of termination awards
- NICs treatment of statutory redundancy pay and compensation

Income Tax changes were made in the Finance (No 2) Act 2017 which took effect from 6 April 2018.

Sporting Testimonials

The Act aligns the NICs treatment of income from sporting testimonials with the income tax treatment by:

- bringing payments from sporting testimonials that are non-contractual or non-customary and organised by an independent testimonial committee within the scope of Class 1A NICs
- applying the existing £100,000 Income Tax exemption to the NICs treatment
- ensuring the new NICs threshold will apply to only one testimonial in a lifetime, which could come from one event or a series of events held over a 12 calendar month 'testimonial year'

Income tax changes were made in the Finance Act 2016 and took effect from 6 April 2017.

National Insurance Contributions (Termination Awards and Sporting Testimonials) Act 2019

Back to ***Contents***

CIPP response to consultation on The Employment Allowance (Excluded persons) Regulations

27 August 2019

We recently held a think tank roundtable where CIPP members and representatives met with HMRC officials to discuss the impact of the Employment Allowance (Excluded Persons) Regulations from April 2020.

Thank you to Armstrong Watson for hosting the event and thank you to all those who took the time to attend and provide your important opinions, views and experiences. This evidence has helped form the CIPP's response to the technical consultation which can be found, in full, within the My CIPP/Policy hub on our website.

A summary of our response is below which highlights the key concerns and recommendations expressed within the policy think tank.

Impact of Employment Allowance becoming de minimis State Aid

By restricting the Employment Allowance (EA) to employers with secondary Class 1 NIC contributions of less than £100,000, HMRC consider that Employment Allowance is now classified as de minimis state aid, and as such requires an extended level of record keeping for HMRC to ensure that eligible employers do not breach limits that exist under the rules of state aid.

The CIPP is disappointed that government considers that payroll processes using the Real Time Information (RTI) system and specifically the EPS (Employer Payment Summary) are the most cost-effective method for HMRC to ensure such accurate accounting records are maintained to evidence the employer's right to claim EA.

Accounting for state aid is not a payroll process and as such raises the following concerns:

- Although the EA indicator is already on the EPS the current requirement is to send this only once unless the circumstances change. From April 2020 it will be required to be sent each new tax year. This requirement will add to the employer administrative burden.

- The requirement to calculate the amount received in Euros and not UK sterling will also add to the administrative burden of the employer. We understand that the entry field on the EPS will be a numeric field only and you will not require payroll software to allow for Euros to be reported.

- We must ask if it would be possible for the employer to report the figure in Sterling and HMRC then perform the currency conversion using the rate in force at 1 April. This would reduce the risk of error or omission by the employer significantly. It would also reduce the administrative burden that government is placing on the employer.

- HMRC will need to ensure that the exchange rate to use as at 1 April is explicitly and obviously advertised. Payroll software will have deployed their new year tax updates before this is available so the employer will need to enter this manually.

- Not all businesses will be equipped now to make their EA claim in April. We understand that making the declaration will continue to be acceptable practice at any point throughout the year however HMRC systems will accrue a 'debt' each time the EA is offset until an accepted declaration is made. HMRC will need to adapt their processes to ensure that unnecessary and stressful challenge is not made to employers who simply haven't yet made the declaration – maybe because they are experiencing difficulties in establishing whether they have received de minimis state aid and if so, how much.

- We are concerned that many employers may be prevented from accessing EA for fear of erring in what is an extremely complex requirement – this would be contra to the policy aim to encourage and enable growth in SME.

- Of an even greater concern is the risk that employers will make incorrect declarations and/or report incorrect amounts or indeed, report in sterling rather than Euros – all would be incorrect – what are the compliance and enforcement penalties of such error?

- The impact of our impending exit of the European Union (EU) needs to be made clear. We understand that where we exit with an agreement in place the UK State Aid Regulations will ensure that this obligation will continue but what if no agreement is in place? HMRC will need to ensure that they communicate that reporting in Euros will still be required as this will appear to be nonsensical once we exit the EU.

- As mentioned above, this is not a payroll process and so employers will face increased costs from their service provider, if the payroll provider agrees to support the employer in reporting this information – not all software has included an EPS in the past. In this situation the employer makes use of HMRC Basic PAYE Tools (BPT).

- We foresee a possible increase in the employer having to report, independently, by using the EPS on BPT functionality. HMRC guidance will need to make clear which EPS would take priority in the event that for the same tax period two EPS were submitted, one by the employer with the EA declaration and state aid amounts and one by their payroll provider due to a reclaim of statutory payments (assuming a priority existed).

- We understand that the employer will only have to account for any other de minimis state aid they have / or expect to receive in the previous two years and current year, as HMRC will account for the full £3,000 EA – even where the employer may not claim the full amount – this needs to be made clear in guidance as there is a risk that it could be double accounted for i.e. by the employer and then again by HMRC.

- There appears also to be confusion between the three year period to be assessed to be used, therefore we seek clarification as to whether HMRC will be using a three tax year assessment period (two preceding plus sufficient remaining to claim EA in the current year) or on a true rolling three year basis?

- As Employment Allowance is claimed throughout the tax year – using tax years as a basis would be the most accurate. Rolling years risk an otherwise eligible employer becoming ineligible due to there exceeding the limits at a fixed point in time i.e. 6 April.

- Guidance needs to be crystal clear for all stakeholders.

Our comments assume also that the amount of de minimis state aid can be easily quantified and accounted for. This may not be an accurate assumption as we understand that in addition to grant payments that will be recorded within the accounts of the employer, other less tangible support may be provided to the employer. How will this be quantified by the providing public body? A significant bank of examples of such aid must be provided by HMRC in guidance to alert employers of how they could be impacted by such aid.

Impact of the £100,000 liability

The Employment Allowance has been in place for several years and employers will have a familiarity of what works for them. However, other policy reforms have been delivered, and continue to be delivered, since its introduction, such as off-payroll working rules.

Guidance must include clear examples of when a Class 1 secondary contribution must be discounted, either in the calculation of the 'less than £100,000 in the previous tax year' or in the claiming of the £3,000 EA. Guidance must also provide clear explanations about all the circumstances in which a payment may be considered as deemed – and thus excluded either from the £100,000 liability and/or £3,000 EA claim.

Accounting for such exceptions through the payroll process will increase the administrative burden significantly – there should be no exceptions where a liability for Class 1 secondary NICs is accruing.

We are concerned that there is a growing inconsistency of applying policy in relation to Class 1 NICs. For example, the apprenticeship levy is calculated on all Class 1 liabilities, but the EA rules don't follow this principle.

Is the £100,000 threshold inclusive or exclusive of the allowance? For example, if the secondary NIC in the relevant year amount to £101,000 but the employer only actually pays over £98,000 because of the £3,000 EA they claim, are they under or over the £100,000 threshold for next year's claim? This will be a commonly asked question and guidance should make clear the HMRC response that it is the amount before accounting for EA offset.

Acceptance and rejection communications

Once the employer has made their declaration HMRC will issue a letter by post informing them that they are granting de minimis state aid of £3,000 (we presume this will be stated in euros). This will ensure that HMRC is fulfilling its obligations under the EU rules for state aid provision. This assumes that HMRC agree that the employer qualifies and guidance will need to ensure that employers are made aware of this checking process by HMRC.

Where HMRC disagree with the employer claim because information is missing or that the limits available to that employer appear to be in breach, we understand that HMRC will notify the employer by an electronic GNS message – this will not be an instant rejection message which raises further questions and further time needed to process the EA claim:

Where the employer processes their own payroll they will need to have access to clear guidance to prevent errors occurring which would result in an inaccurate rejection.

Payroll service providers will need to check each GNS for each client if a rejection is served. Will the GNS clearly identify which client it refers to?

Payroll software providers can choose not to support this as the EPS facility is available to the employer through HMRC Basic PAYE Tools service.

Conclusion

To conclude, we remain of the belief that the Employment Allowance (Excluded Persons) Regulations should not be passed in their current format. They place on the employer payroll processes unacceptable levels of administrative burden – not least because the data required within the declaration is not data that is available to the payroll function and so will require significant manual intervention.

Other reporting options are available to HMRC and could have been selected – we are extremely disappointed that they weren't previously considered in public consultation and are concerned at this latest direction of travel as it relates to Government use of the RTI system.

However, if it is not possible to change this policy direction and we do have slight optimism that this could be possible given the new Chancellor's commitment to simplifying the tax system, we believe that employers, together with their service providers, which include payroll bureaux, accountants and bookkeepers, and software developers should be provided with appropriately timely, accurate and detailed information by HMRC that will enable them to fulfil this latest unpalatable policy proposal.

Our consultation response can be read in full, within the My CIPP/Policy hub on our website.

Back to ***Contents***

Termination Awards and Sporting Testimonials –real-time Class 1A NICs guidance

25 September 2019

HMRC's Software Developers Support Team (SDST) has provided some guidance for software developers which employers and payroll practitioners may also find useful.

Change to 'real-time Class 1A NICs'
Termination Awards' are payments received in connection with the termination of a person's employment.

'Sporting Testimonials' are used as shorthand for non-customary and non-contractual Sporting Testimonials. If an individual is contractually entitled to a Sporting Testimonial this would be treated as regular income and should be reported and taxed as such.

Currently, tax is due on the amount of a Termination Award over the threshold of £30,000 (the threshold is £100,000 for Sporting Testimonials). For example, if an individual receives a Termination Award of £39,000, the employer would pay income tax on £9,000 as this is the amount above the threshold. From April 2020, employer Class 1A NICs will also be due on the amount above the threshold.

Class 1A NICs are already reported and collected on expenses and benefits as part of the annual P11D(b) process.

From April 2020 the Class 1A NICs on termination awards and sporting testimonials will be calculated, reported and paid as part of the existing PAYE cycle.

Guidance
The guidance, produced for payroll software developers by HMRC's Customer Strategy and Tax Design, contains background on these payments and includes a number of illustrative examples.

Back to ***Contents***

Termination awards and sporting testimonials –real-time Class 1A NICs guidance – clarification

2 October 2019

In a previous news article published on 25 September 2019, a statement from HMRC was included that requires further clarification.

HMRC advised within guidance for software developers that ', if an individual receives a Termination Award of £39,000, the employer would pay income tax on £9,000 as this is the amount above the threshold'.

The above statement implies that the liability for tax on termination payments exceeding £30,000 is taken directly from the employer, and that they foot the bill. It is, in fact, the employee who pays the income tax on the £9,000 exceeding the tax-free termination payment threshold. It is at this point that the employer pays the tax amount across on behalf of

the employee when they submit their liability payments for the month to HMRC. Whilst the employer is responsible for submitting the figures to, and paying the liabilities across to HMRC, the tax liability figure essentially gets deducted from the employee in the first instance.

The Policy team has notified the relevant HMRC department so that the relevant amendments can be made to avoid any confusion and remove any ambiguity.

Back to ***Contents***

New forms for National Insurance: credits for parents and carers

21 October 2019

In yesterday's News On Line we reported that The OTS has released guidance that referred to the transparency of HICBC and called for the government to review current arrangements surrounding the charge

HMRC has now published new CF411A PDF versions of forms online that allow parents raising a child below the age of 12 to claim National Insurance credits. This is to ensure that individuals are granted entitlement to the new State Pension should they be in a position where they won't benefit from physical child benefit payments, if, for example, their partner earns over the threshold and the High Income Child Benefit Charge (HICBC) applies. This transfer of credits essentially maintains the individual's National Insurance record and ensures that they automatically receive Class 3 NI credits.

Eligible parties can complete the form electronically and submit online or they can complete the PDF form, print and send through the post.

The most recent edition of the Employer Bulletin discusses HICBC in further detail and advises employers to act in a responsible manner and inform any affected staff members about HICBC and also to advise them about completing Self-Assessments to ensure they don't incur any penalties relating to HICBC. There is also a note to remind those affected that it is still imperative that they complete Child Benefit claim forms, but opt out of receiving payments if they don't want to be charged, as completion of the form will ensure that the individual still receives National Insurance credits.

Back to ***Contents***

Consultation on draft regulations to report and pay Class 1A National Insurance contributions on termination awards and sporting testimonials

17 October 2019

HMRC have published a technical consultation on draft regulations that will enable employers and testimonial committees to report and pay Class 1A National Insurance contributions on termination awards and sporting testimonials in real time. The draft legislation relates to technical procedures for how Class 1A employer NICs will be submitted through Real Time Information (RTI) and how it will be paid across to HMRC from April 2020 onwards, when the new rules come into force.

The CIPP policy team will be studying the consultation and may publish a survey depending on the contents to gather the views of payroll professionals and others with a vested interest. Please keep an eye out on News On Line for the your opportunity to express your invaluable views.

Back to ***Contents***

HMRC publish policy paper relating to the Employment Allowance: excluded persons regulations 2020

30 January 2020

It is now widely recognised that, from 6 April 2020, employers who have incurred a secondary Class 1 National Insurance contributions liability of £100,00 or more in the tax year immediately prior to the year of the claim can no longer utilise the Employment Allowance, which currently stands at £3,000.

HMRC has published a policy paper which discusses the measures and also looks at the potential impact of the new rules. The document discusses how employers who are connected to other companies will be required to collate all of the secondary Class 1 National Insurance contributions liabilities incurred by all connected companies in the year prior to the claim, and if that amount exceeds or sits at £100,000, then none of those employers are eligible to claim the Employment Allowance for the following tax year.

As a direct result of the new restriction, the Employment Allowance automatically becomes reclassified as de minimis State aid. Those seeking to claim the Employment Allowance will need to ensure that they have sufficient space in their relevant de minimis State aid limit(s) to accommodate the full annual amount of the Employment Allowance (£3,000). It is important to note, at this stage, that different sectors must observe different caps to de minimis State aid, e.g. the agricultural sector is capped at €20,000 over three consecutive fiscal years but for fisheries and the aquaculture sector, it is capped at €30,000 over three consecutive fiscal years. Companies must be able to claim the full annual employment allowance within their de minimis State aid limit(s) and cannot receive a partial amount of the allowance.

The objective of the amendments to the allocation of Employment Allowance is to aim it at its originally intended beneficiaries – smaller companies. Therefore, the Employment Allowance is no longer available to employers who incur employer secondary Class 1 National Insurance contributions liabilities of £100,000 or more in the previous tax year.

The reform was announced at Budget 2018, but the Employment Allowance was initially introduced back in the National Insurance Contributions Act 2014 and originally offered relief of up to £2,000. This was amended from April 2016 to increase the value of that relief to £3,000 and made it so that it was no longer available to single director companies.

If employers become connected during a tax year, but prior to that they were all eligible for the Employment Allowance, they will continue to be eligible for the remainder of that tax year but will need to have their eligibility reassessed as a collective for future claim years. If an employer becomes connected to a company or group of companies who have exceeded the limit for the Employment Allowance due to their Class 1 NICs liability totalling £100,000 or more in the previous tax year, the employer joining that group would no longer be eligible for the Employment Allowance in the tax year in which they become connected.

Employers will now have to explicitly claim the Employment Allowance at the start of each tax year via their Employment Payment Summary (EPS) as it will no longer carry forward automatically from one year to the next. There will be an additional requirement to confirm that the previous year's employer secondary Class 1 National Insurance contributions liabilities were less than £100,000 and to confirm which State aid sector the employer operates in.

At Budget 2018, it was expected that the exchequer would receive £225 million in additional income from 2020-21 due to the reforms, £260 million in tax year 2021-22, £290 million in tax year 2022-23 and £320 million in tax year 2023-24. There are no expected significant macroeconomic impacts of the new measure, or any expected effects on individuals, households and families, nor is there any anticipated impacts to groups sharing protected characteristics.

It is estimated that there will be a significant impact on almost 1.2 million businesses by introducing the new restrictions to the Employment Allowance. They will need to familiarise themselves with the amendments and determine whether they will be eligible for the allowance each tax year. An expected one-off burden surrounds understanding the changes to legislation and identifying whether the claimant's business is still eligible to receive the allowance. Updates to internal systems may also be required.

There will be costs for businesses, associated with checking the previous tax year's total secondary Class 1 National Insurance contribution's liability and determining how much State aid has been received or has been allocated.

Negligible costs will be incurred by HMRC when implementing the change. Customer facing guidance has already been updated and only slight increased contact is expected from businesses in relation to the changes to the entitlement to the Employment Allowance. Companies currently claiming the allowance will receive correspondence which updates them in relation to the changes and explains what they will need to do. This will be circulated prior to the end of the current tax year.

The changes will be assessed and monitored through information collected from tax returns.
If there are any questions about the change, the advice is to contact Victoria Bedford on 03000 562088 or email at victoria.bedford@hmrc.gov.uk.

CIPP comment

The CIPP appreciates hearing feedback from our members, particularly in relation to experiences or commentary on changes to legislation and policy. If you would like to share your thoughts, please contact the Policy team at policy@cipp.org.uk.

Back to ***Contents***

NI threshold values for use in 2020-21 published by government

31 January 2020

The National Insurance (NI) threshold values for tax year 2020-21 have been published by the government.
The values are as follows:

Lower Earnings Limit (LEL) - £120 / week, £520 / month, £6,240 / year

Primary Threshold (PT) - £183 / week, £792 / month, £9,500 / year

Secondary Threshold (ST) - £169 / week, £732 / month, £8,788 / year

The Upper Earnings Limit (UEL) - £962 / week, £4,167 / month, £50,000 per year

The UEL remains unchanged from the current tax year.

The primary (employee) and secondary (employer) thresholds are different set at different rates for 2020-21 after several years of alignment.

The draft legislation can be located here:
http://www.legislation.gov.uk/ukdsi/2020/9780111192580/contents

CIPP comment

Please note that this is a draft item of legislation and has not yet been made as a UK Statutory Instrument.

Back to ***Contents***

Employment Allowance gudiance published – for eligible claimants from 6 April 2020

11 February 2020

HMRC have published new **guidance** to aid employers as they claim Employment Allowance (EA) from 6 April 2020.

Budget 2018 announced that from 6 April 2020 the EA would be restricted to employers whose secondary NIC contributions were less than £100,000 in the preceding tax year.

Due to this restriction the Employment Allowance is now considered to be de minimis state aid and will require eligible businesses to monitor and reconcile the total de minimis state aid that they receive over a three year period, which for the purposes of Employment Allowance will include, de minimis aid received in the previous two years from all sources, plus the year ahead from 6 April 2020.

A public authority that grants de minimis state aid will have provided written evidence of the amount granted and so it is important that all records relating to state aid are retained for three years. HMRC will issue such a notification to confirm that the employer has eligibility to claim Employment Allowance.

Going forward employers will need to claim EA each year, their payroll software will no longer enable them to automatically carry forward their authorisation without reconfirming their eligibility, which will be based on their secondary NICs in the preceding tax year (which will include all secondary NIC liability for connected or group situations) as well as the amount they have been granted in de minimis state aid.

The Employment Payment Submission (EPS) will be used to indicate that an employer is making a claim and will need to include which sector the employer operates, which will be:

- Primary production of agriculture products €20,000
- Fisheries and aquaculture sector €30,000
- Road freight transport sector €100,000
- Other €200,000

Class 1 secondary liability will not include the liability incurred from the 'deemed payments' processed for off-payroll workers.

For full information please read the HMRC **guidance**.

Back to ***Contents***

Chancellor expected to introduce tax break for employers who hire veterans

10 March 2020

It is expected that, as per the pledge made in the Conservative Manifesto, Chancellor Rishi Sunak will announce a new tax break for employers who hire force veterans, along with a raft of other changes at Budget on Wednesday 11 March.

Employers who hire ex-forces personnel will no longer have to pay any employer National Insurance (NI) contributions for the first year of their work, in a bid to boost the number of veterans who get straight into work. It is estimated that approximately 15,000 sailors, soldiers and airmen leave the services each year so this could benefit a substantial amount of individuals and the employers that hire them.

Armed Forces Minister, Johnny Mercer, tweeted:

"Having a job is the single biggest driver of life chances in Veterans. So we're waiving National Insurance contributions for employers for the first year that they hire a veteran. Determined this country will top the table on Veterans care."
Rishi Sunak commented:

"The UK owes all ex-servicemen and women a tremendous debt for serving our country and keeping us safe - so it is only right we help them in every possible way.

My Budget will deliver on the promises we've made to veterans - and to the rest of the British people."

Back to ***Contents***

Employment Allowance will potentially increase from £3,000 to £4,0000

11 March 2020

Following on from pledges made in the Conservative Manifesto, speculation is rife that Rishi Sunak will announce a boost of £1,000 for employers who are eligible to claim the Employment Allowance (EA), raising the figure that can be reclaimed from £3,000 per year to £4,000, at the budget.

The costings document that accompanied the manifesto confirmed these plans and it is highly likely that the changes will come to fruition. It is thought that this move has been planned to alleviate some of the pressure associated with the inflation-busting increase to the National Minimum Wage (NMW) and National Living Wage (NLW), which some smaller businesses have voiced their concerns over.

The Gov.UK pages which relate to the changes to the Employment Allowance from 6 April 2020 advise that current guidance on how EA works will be updated in April 2020, possibly to allow time to accommodate any amendments to the figure that can be reclaimed.

It has already been confirmed that the Employment Allowance will be restricted to employers with total secondary Class 1 National Insurance Contributions liabilities of less than £100,000 in the tax year prior to the claim.
Due to the new restrictive changes, Employment Allowance will operate as de minimis state aid, so the allowance figure will contribute to the maximum amount of state aid that a company can receive. There are different de minimis state aid ceilings according to which sector a business operates in, and the potential planned increase to Employment Allowance from £3,000 to £4,000 will raise questions for payroll professionals, as it means that more businesses are more likely to breach the de minimis state aid ceiling when considering £4,000 instead of £3,000.

Back to ***Contents***

National Minimum Wage/Living Wage

Real Living Wage increases £9 in UK and £10.55 in London

6 November 2018

The Living Wage Foundation has announced its increases to the voluntary living wage.

The rate for London has increased by 35p an hour to £10.55 and the rate for the rest of the UK has increased by 25p to £9 an hour.

Not to be confused with the Government's National Living Wage, which is due to increase to £8.21 for over 25s in April 2019.

Living Wage Week 2018 runs from 5 November and the movement's annual celebration aims to raise awareness that earning the real Living Wage can make to individuals. Events take place all over the country to celebrate the impact and success of the living wage and to encourage more people to join the fight against low pay.

The real living wage is the only rate that is independently calculated every year to meet the real cost of living. It is voluntary, unlike the national minimum and living wage rates which are statutory.

Find out more about Living Wage Week from the Living Wage Foundation.

Back to ***Contents***

National Minimum Wage: consultation on salaried workers and salary sacrifice schemes

18 December 2018

The government has published a consultation which concerns the National Minimum Wage rules regarding salaried workers and the operation of salary sacrifice schemes.

People who perform salaried hours work are paid an annual salary in equal weekly or monthly instalments, for an annual number of hours. For example:

- Monthly paid workers who receive an annual salary for working 9am-5pm, Monday to Friday;
- Term-time only workers who receive equal weekly/monthly payments but only work during term time; or
- Annualised hours workers who receive equal weekly/monthly payments for working 2,000 hours a year.

Legislation provides a set of rules over how compliance with the National Minimum Wage is calculated when regular salaries are paid. Certain conditions must be met in order for work to qualify as salaried hours work under the National Minimum Wage Regulations. This consultation seeks views on how effective these rules are in preventing worker exploitation.

This consultation seeks views on proposed changes to the National Minimum Wage Regulations which relate specifically to salaried hours work, including Regulations 21 and 24. In particular, the Government would welcome your views on whether, and if so how, we might amend the Regulations to include additional payment cycles and fixing the definition of the calculation year for employers, without any detriment to workers.

Salary sacrifice schemes are used in some workplaces whereby a worker agrees with an employer a lower rate of gross pay in exchange for goods or services (e.g. childcare vouchers, or bicycles). National Minimum Wage regulations include provisions designed to protect workers from unfair deductions from their wages. This consultation also seeks views on the practical operation of these provisions and their effect on workers on the minimum wage.

The National Minimum Wage: consultation on salaried workers and salary sacrifice schemes will run until Friday 1 March.

CIPP comment
The Policy team will publish a survey to gather member opinion on the proposals and will also be organising a Think Tank in the New Year. Please watch out for details through News Online.

Back to ***Contents***

LPC publishes its recommendations to tackle one-sided flexibility

19 December 2018

The Low Pay Commission (LPC) has published its assessment of the scale and nature of one-sided flexibility - looking at the impact of introducing a higher minimum wage for non-guaranteed hours and to consider alternative policy ideas.

In addition to the usual brief recommending the minimum wage rates, the LPC was also asked to undertake some additional tasks in relation the Taylor Review of Modern Working Practices. These were to review the scale and nature of the issue of 'one-sided flexibility', to assess the impact of introducing a higher minimum wage for non-guaranteed hours and consider alternative policy ideas.

The LPC found evidence of one-sided flexibility as identified in the Taylor Review: the misuse by some employers of flexible working arrangements creating unpredictability, insecurity of income and a reluctance among some workers to assert basic employment rights. However, the LPC also found evidence of positive examples of flexibility and believe it is important to preserve genuine two-way flexibility.

Commissioners thought that the higher minimum wage for non-guaranteed hours did not address one-sided flexibility effectively and had the potential to create many unintended consequences.

The LPC did not hear unqualified backing for the premium from any of the stakeholders it spoke to and have therefore recommended an alternative package of measures:

- A right to switch to a contract which reflects your normal hours. This is not about a worker requesting a change to the amount of work they do, but rather proper recognition of their normal hours. The LPC believe this will help to tackle the fear of employer retaliation by providing a guarantee of the worker's normal hours. Workers already worried about raising issues in the workplace are less likely to raise a 'request' so the right needs to be stronger than this.
- A right to reasonable notice of work schedule – to encourage employers to provide workers with their work schedule in advance so that individuals can plan their lives.
- Compensation for shift cancellation or curtailment without reasonable notice –to discourage employers from cancelling shifts at the last minute or partway through a shift.
- Information to workers – the written statement of terms from employers should detail the rights the LPC is proposing here.

Also recommended is that the Government considers ways to specifically measure the scale of one-sided flexibility.

The Government responded to the LPC's recommendations in its Good Work Plan, (published 17 December 2018). It said:

> *"We welcome the Commission's work and recommendations which are published alongside this document [Good Work Plan]. As set out in this Good Work Plan, the Government remains determined to tackle one-sided flexibility while retaining the flexibility that many people find so valuable. For example, we are taking action by introducing a right to request a more stable contract. The Commission had specific views on this policy, which we will consider as we develop legislation. Alongside this, we will consult on the Low Pay Commission's other proposals."*

The Low Pay Commission Response to the Government on 'one-sided flexibility' contains the LPC's response to the Government's request to make recommendations on 'one-sided flexibility', as identified in the Taylor Review of Modern Working Practices.

Back to ***Contents***

NMW guidance on unpaid work trial periods

21 December 2018

A new section has been added to minimum wage guidance covering unpaid work trial periods which includes several example scenarios to assist employers.

The views of the Government set out in this guidance are not binding or determinative in any case but are intended to assist employers and individuals in identifying circumstances in which at least the National Minimum or National Living Wage (NMW / NLW) must be paid.

It is for HMRC enforcement officers, and ultimately for tribunals and courts, to decide whether the NMW / NLW should be paid in any particular case. Employers who do not pay at least the NMW / NLW for work trials should consider seeking professional advice on whether this would breach NMW or other employment law.

As part of a recruitment process, an individual may be asked by a prospective employer to carry out tasks, without payment, to help the employer to decide whether the individual has the skills and qualities required for the job. Often this will be a legitimate practice, but some employers may use unpaid trial work periods to obtain work or services for which at least the NMW / NLW should be paid.

Current law does not define a “trial work period” or state precisely when at least the NMW / NLW must be paid. NMW legislation provides that an individual who is “working” for minimum wage purposes must be paid at least the NMW or NLW. Most workers in the UK who are over compulsory school age and who ordinarily work in the UK are entitled to be paid at least the NMW / NLW.

See pages 20 to 25 of the guide on NMW / NLW - Calculating the minimum wage to read the new section on unpaid work trial periods.

Back to ***Contents***

Iceland to fight HMRC over minimum wage dispute

4 January 2019

Iceland is facing a £21m bill from HM Revenue & Customs, which alleges that the supermarket chain broke minimum wage rules with a Christmas savings scheme.

According to Economia, the Treasury Select Committee is to question HMRC over its threat to land Iceland with a £21m bill over a Christmas scheme which it runs for its employees. HMRC claims the Christmas Club is in breach of national minimum wage rules but the Committee wants to know why the department is investigating the Club when the scheme is voluntary, the money is ring fenced in a separate bank account controlled by an independent trustee company, and staff can get their money back in its entirety at any time.

HMRC argues that once the sums of money for the scheme are deducted from the employee’s pay, what is left is technically below the minimum wage, despite that fact the money eventually comes back to the employee.

The chief executive and founder of Iceland Foods has described the dispute with HMRC as "just madness". He intends to fight the HMRC claim, which was first reported in the Times.

According to BBC news, Iceland has also been told by HMRC that its policy on footwear breaches minimum wage rules as well. HMRC said that staff should be compensated for shoes bought for work, as Iceland had given staff guidance that "sensible shoes" should be worn. The guideline applies only to staff who work in stores, since warehouse staff are provided with safety shoes.

CIPP comment

This is yet another example of an employer being caught out on an accidental technicality and why employers should not be complacent just because their hourly rates exceed the minimum rate.

In HMRCs most recent Employer Bulletin (December, Issue 75) they cited the top ten reasons why employers get caught out, which included:

- *Making wage deductions that are deemed to be for the employer's "own use or benefit". For example a Christmas club saving scheme. It doesn't matter that the worker can choose to buy into the scheme and the employer doesn't have to make a profit from it.*
- *Making wage deductions for items or expenses that are connected with the job. This could include, for example, safety clothing, uniforms, tools etc.*

We have the requirement from April 2019 to include on payslips the number of hours worked by the employee for which they are being paid.

We have to factor in the increase in minimum wage rates from 1 April this year and as demonstrated time and time again the media are 'all over it' when a company, especially a household name, is 'named and shamed' on GOV.UK for failing to pay the minimum wage.

It is really important that you are confident with your minimum wage compliance and processes and even if you feel you are, a review is never a wasted exercise.

Help is at hand, in a number of ways:

- *The CIPP offer a one day training course covering NMW and other worker entitlements. Click here to book or for more information.*
- *HMRC has a new series of bite sized webinars which aim to help employers avoid NMW common errors.*
- *Guidance on calculating NMW (BEIS) which is consistently being updated with new examples.*

NMW consultation on salaried workers and salary sacrifice schemes
In December the government published a consultation which concerns the National Minimum Wage rules regarding salaried workers and the operation of salary sacrifice schemes.

The Policy team will publish a survey to gather member opinion on the proposals and will also be organising a Think Tank in the New Year. Please watch out for details through News Online.

Back to ***Contents***

CIPP survey on NMW Consultation on Salaried Workers and Salary Sacrifice

23 January 2019

Payroll Professionals have a real opportunity to influence change in this national minimum wage consultation on Salaried Workers and Salary Sacrifice. Please spare 10 minutes to share your knowledge by completing our survey.

The government has published a consultation which concerns the National Minimum Wage rules regarding salaried workers and the operation of salary sacrifice schemes.

People who perform salaried hours work are paid an annual salary in equal weekly or monthly instalments, for an annual number of hours. For example:

- Monthly paid workers who receive an annual salary for working 9am-5pm, Monday to Friday;
- Term-time only workers who receive equal weekly/monthly payments but only work during term time; or
- Annualised hours workers who receive equal weekly/monthly payments for working 2,000 hours a year.

Legislation provides a set of rules over how compliance with the National Minimum Wage is calculated when regular salaries are paid. Certain conditions must be met in order for work to qualify as salaried hours work under the National Minimum Wage Regulations. This consultation seeks views on how effective these rules are in preventing worker exploitation.

This consultation also seeks views on proposed changes to the National Minimum Wage Regulations which relate specifically to salaried hours work, including Regulations 21 and 24. In particular, the Government would welcome your views on whether, and if so how, we might amend the Regulations to include additional payment cycles and fixing the definition of the calculation year for employers, without any detriment to workers.

Salary sacrifice schemes are used in some workplaces whereby a worker agrees with an employer a lower rate of gross pay in exchange for goods or services (e.g. childcare vouchers, or bicycles). National Minimum Wage regulations include provisions designed to protect workers from unfair deductions from their wages. This consultation also seeks views on the practical operation of these provisions and their effect on workers on the minimum wage.

The National Minimum Wage: consultation on salaried workers and salary sacrifice schemes will run until Friday 1 March.

The CIPP Policy team has produced a survey in line with the questions asked in the consultation document, which will take approximately 10 minutes to complete – slightly longer if you have a lot of information to impart.

Whether you complete our survey or the government's survey, or indeed both, this subject is an important one where the outcome will be change. Please help us to influence that change for the better.

Our survey will run for 4 weeks and will close on Friday 22 February 2018. Thank you in advance for your time.

Back to ***Contents***

Minimum and zero-hours contracts and low paid staff

25 January 2019

Every year the Low Pay Commission publishes a range of independent research projects to build its evidence base and understanding of the labour market and low pay. One of the latest reports is about minimum and zero-hours contracts and low paid staff.

Minimum and zero-hours contracts and low paid staff
This report was produced by Incomes Data Research (IDR) and looked at how zero-hours and minimum-hours contracts were actually used in a variety of organisations.

IDR gathered evidence from a sample of 40 employers on the use of these contracts for low-paid staff. They looked at the extent to which these individuals worked beyond their contracted hours and how volatile their hours of work were from week to week.

Across IDR's sample, there was a wide range of practices and working arrangements. Employers reported using these contracts to manage demand and cope with temporary and seasonal increases. Organisations were more likely to use zero-hours than minimum-hours contracts, but where the latter were used, they tended to cover more staff, with the most common amount of contracted hours being four or six. On the whole, staff were not given a choice over the type of contract they took. IDR found that individuals on these contracts typically worked around 12 hours per week, although they also found staff working virtually full-time on both types of contract.

The principle that individuals' contracts should reflect their actual working hours was at the heart of the LPC's recommendations to Government (published December 2018). The LPC proposed a right for individuals to switch to a contract which reflected the reality of their working arrangements, going further than the right to request a more stable contract which BEIS are currently bringing forward.

Also published is a report, produced by Resolution Foundation, which looked at the international context; the different forms the problem of insecure work takes, and the range of policy responses countries have used to address it.

Back to ***Contents***

Low Pay Commission visit programme for 2019

8 February 2019

The Low Pay Commission (LPC) has published details of their annual programme of visits which will allow them to hear directly from workers and businesses as to how their minimum wage recommendations are working 'on the ground'.

The planned visits will provide the opportunity for individuals to speak directly to the commissioners and to influence a policy that affects millions of workers and their employers and engagers every year. Opinions and evidence gathered throughout these visits will feed into the work programme that is necessary to support the recommendations, to the government, that the commission will be making later in the year for the 2020 minimum wage rates.

2019 visit locations

Date	Location
20-21 March	Neath and Swansea
10-11 April	Ayr and Kilmarnock
15-16 May	Derry
5-6 June	Hartlepool
3-4 July	Great Yarmouth
7-8 August	Wigan and Manchester

The visits are a vital part of the LPC's consultation process and the Commissioners are always very grateful to people for giving up their time to share their experiences.

The LPC can host meetings, usually in the centre of the towns it visits and are also very keen to visit employers and workers to see first-hand the effects of the minimum wage. The LPC is also very interested in talking to public bodies, charities and other interested organisations.

The LPC will launch its consultation with a full list of questions in the spring, but the following topics cover most of what they want to hear about. However, if you have any other evidence on the minimum wage, the LPC would like to hear about that too.

- The effects of the National Minimum Wage and National Living Wage rates recommended, and business responses to recent increases. Issues the LPC is keen to hear about include:
  - Changes to employment and hours
  - Changes to pay and benefits
  - Productivity
  - Prices
  - Profits
  - Compliance and enforcement
- View on future NLW increases – to £8.21 in April and a projected rate (subject to change) of £8.62 in 2020, based on a target of 60% of median earnings.
- Evidence on the economic outlook more generally.
- Workers' and apprentices' views on the minimum wage rates and their work more generally.
- Views on the youth and apprentice rates –the review of these rates will be concluded in the summer, but the LPC is still keen to hear evidence on their use and level.

Do you want to meet the LPC?

The LPC takes very seriously what they hear on all their visits, so it is a chance for anyone with an interest to have their voice heard. If you are in any of the places that the LPC are visiting and you want to tell them about how you have been affected by the minimum wage, then get in touch via email or phone:

Email: lpc@lowpay.gov.uk
Call: 020 7211 8772

Back to ***Contents***

CIPP response to NMW consultation on salaried workers and salary sacrifice

6 March 2019

The CIPP has submitted its formal response to the National Minimum Wage consultation on salaried workers and salary sacrifice.

The CIPP policy and research team published a survey (with questions that mirror those asked within the consultation paper) that offered the opportunity for payroll professionals to provide their views on the questions asked within the consultation paper. The survey ran from January until 22 February 2019 and received 177 responses. Thank you to all those who took the time an effort to contribute.

CIPP and its members wish to acknowledge the value of National Minimum Wage (NMW) legislation which seeks to protect workers against the most egregious employers. We do not condone behaviour that intentionally seeks to avoid payment of the minimum wage and our response seeks to address improvements that can be made to NMW Regulations that enable the majority of employers, who strive to be good employers, to provide fair and decent work and working conditions that comply with legislation that is written to fit within modern pay operations and practices of the 21st Century.

Payroll professionals together with their software developers play an instrumental role in ensuring good levels of employer compliance with NMW Regulations and are the first to recognise the importance of well written legislation that represents modern working practices.

We are hopeful that this consultation marks the beginning of ongoing conversation as to how the NMW Regulations can be updated to achieve this essential aspiration.

Key Findings from the CIPP survey
All regular payment cycles should be allowed within the definition of salaried hours work to bring the operation of NMW in to line with other pay calculations e.g. PAYE income tax, Class 1 National Insurance Contributions and Automatic enrolment. This would benefit:

- workers within sectors who could then benefit from equalised payments made throughout the year and not be subject to hardship caused by seasonal 'peaks and troughs' of demand that affect availability of working hours,
- employers whose compliance would increase. Many employers are unaware of this divergence between NMW regulations and other pay/employment tax operation,
- government in its work to modernise the work place and enable employers with salaried workers to fully engage with flexible working in all its variations.

Overtime, pay premia and allowances should be more widely included as acceptable payments for NMW and thus should be allowed within annual salary calculations.

The calculation year should be set at the employer's discretion.

Salary sacrifice should be allowed for all employees where they have free choice to enter in to such agreements. If not to bring pay below minimum wage then at least to allow non NMW pay to be counted first. We recognise that this poses further questions as to whether to broaden the range of benefits in kind (BIKs) that can be included within minimum wage calculations.

Comprehensive and consistent guidance also aids employer compliance. A failure by the employer to comply is also a failure of state to provide. Greater use should be made of case studies to demonstrate compliant and non-compliant employer behaviour.

There are a number of other restrictions found within NMW regulations that are not fit for purpose in the 21st Century and further consultation needs to explore these fully – the following short list is illustrative but not exhaustive:

- TOIL (Time off in Lieu),
- living accommodation rules – particularly the exclusion list for socially aware landlords,
- voluntary deductions.

Our full response to the consultation is available on our website in the 'Policy hub' which is under the 'My CIPP' tab.

Back to ***Contents***

Low Pay Commission consultation 2019

18 March 2019

The Low Pay Commission (LPC) has opened its annual consultation on the levels of the National Minimum Wage rates, including the National Living Wage.

The LPC is the independent body that advises the Government on the level of the minimum wage. It has been asked to recommend in October of this year the National Minimum Wage and National Living Wage rates to apply from April 2020.

The current target for the National Living Wage will be met (subject to sustained economic growth) by April 2020.

The LPC is also seeking views on how the existing target for the National Living Wage has worked and on potential future arrangements.

The LPC is particularly interested in:

- Views on the affordability and effects of an increase to the 'on target' rate for April 2020 – currently around £8.63.
- Evidence of the impact of increases in the NLW since its introduction – including the April 2019 uprating – on workers, employers, the labour market and the economy.
- Evidence of how employers are seeking to improve productivity.
- Evidence on how the economic outlook is affected by the process of leaving the European Union.

For the other rates – affecting workers under 25 and apprentices – the LPC is seeking evidence to make recommendations on its traditional basis of 'helping raise the pay for as many low-paid workers as possible without damaging their employment prospects'.

In addition to this consultation the LPC has its annual programme of visits around the UK (published in February) which allows them to hear directly from workers and businesses as to how their minimum wage recommendations are working 'on the ground'.

Find out more about the visits through the LPC's blog.

CIPP comment
The Policy team will be publishing a survey in due course to gather views and evidence from the payroll profession. We will also be holding a Think Tank roundtable event. The date and venue are yet to be confirmed but if you would like to register your interest to attend, please email us at policy using LPC as the subject.

The closing date for submission is 7 June 2019. All details and a full list of consultation questions can be found by following this link and downloading the letter within.

Back to ***Contents***

Review of international evidence on minimum wages

21 March 2019

The Low Pay Commission has welcomed the announcement at Spring Statement that a review of the international evidence on the impacts of minimum wages is to be undertaken.

Professor Arindrajit Dube has been appointed to conduct the review; the terms of reference for which are as follows:

- The objectives of the office holder are: to review the international evidence on the impacts of minimum wages, with a particular focus on innovative and ambitious minimum wage models; and to consider the role of individual labour market characteristics in determining such effects. The review should consider the implications for UK minimum wage policy, in particular assessing whether the employment effects of minimum wages in the UK could be different to other countries, given differences in labour market characteristics.

- The office holder will draw on wider expertise in labour market economics, including through engagement with other academics and the Low Pay Commission. The review will consider the latest evidence on minimum wages internationally, the potential impacts on employment (volume and structure), productivity and economic growth, the ability of the labour market to absorb future minimum wages rises, and the wider macroeconomic context.

- In particular, the office holder will be asked to consider the implications for future minimum wage policy in the UK, bearing in mind the aspirations the government set out in Budget 2018, to end low pay in the UK.

- The review will not attempt to consider the structure of minimum wage rates in the UK (e.g. youth rates) nor the causes of low wage employment.

- Its conclusions will inform work underway in HM Treasury and the Department for Business, Energy and Industrial Strategy considering the future remit of the Low Pay Commission after 2020. This wider work will include broad consultation with a range of stakeholders.

Chair of the Low Pay Commission Bryan Sanderson said:

"We welcome the Chancellor's announcement. It's good news to have such a respected expert supporting our work on the post-2020 NLW path.

The LPC will be engaging with the Government over the coming months on our post-2020 remit, to help shape the remit and make sure it reflects what we know about the effects of the NLW so far."

Back to ***Contents***

20 year anniversary of the National Minimum Wage

1 April 2019

Today the Low Pay Commission is celebrating the 20th anniversary of the National Minimum Wage and recognising the transformative effect it has had on the UK's labour market.

The National Minimum Wage (NMW) was introduced on 1 April 1999, and originally applied to workers aged 22 and over. The National Living Wage (NLW) is the statutory minimum wage for workers aged 25 and over. It was introduced in April 2016 and has a target of 60% of median earnings by 2020, subject to sustained economic growth. The most recent forecasts imply a projected rate of £8.67 in 2020.

The introduction of the NMW had a significant impact on the lives of the lowest paid. Until then, it had been the norm for low-paid workers to see their earnings grow more slowly than the average, regardless of wider economic conditions. The earnings of the lowest-paid rose by much less than the average throughout the 1980s and 1990s. The

NMW and NLW have reversed this norm: since 1999, the lowest paid have seen their hourly pay grow faster than all other workers.

And in addition, many more workers have benefited indirectly – the effects of an increase in the minimum wage ripple up the pay distribution, as employers maintain a 'differential' between the minimum rate and pay for managers and team leaders just above.

With each annual increase, the NMW and NLW have increased the pay of up to 30% of all jobs – up to 7 million workers on current employment levels. Between 1999 and 2018, we estimate that the total benefit to workers of minimum wage increases has been £60 billion. The bottom 1% of workers were paid £2.70 an hour more in real terms in 2018 than they otherwise would have been – an additional £5,000 a year for the lowest-paid full-time workers.

Read the Low Pay Commission's new report '20 years of the National Minimum Wage' here

	Rate up to 31 March 2019	Rate from 1 April 2019	% increase
National Living Wage	£7.83	£8.21	4.9%
21-24 rate	£7.38	£7.70	4.3%
18-20 rate	£5.90	£6.15	4.2%
16-17 rate	£4.20	£4.35	3.6%
Apprentice rate	£3.70	£3.90	5.4%
Accommodation offset	£7.00	£7.55	7.9%

Guidance on Calculating the minimum wage

Back to ***Contents***

Low Pay Commission starts its 2019 visits

10 April 2019

In March, the Low Pay Commission (LPC) visited Swansea, Neath and Cardiff in the first of its regional visits this year to gather evidence for its recommendations regarding the National Living Wage (NLW) and National Minimum Wage (NMW) rates for those aged under 25.

The LPC is based on a social partnership model comprising employee representatives, employer representatives and independents. Three commissioners travelled to Wales with one representative from each part of the social partnership: Kate Bell (Trade Union Congress), Sarah Brown (University of Sheffield) and Martin McTague (Federations of Small Businesses).

We met with employees and their representatives as well as businesses in Swansea, Neath and Cardiff to find out what is happening in the region in terms of the labour market and the local economy. We also met with a group of young people from Swansea to discuss their experiences in finding work in the region.

The LPC wrote in a recent blog that it was told that the main issue faced by employers in the region relates to shortages of labour and hiring and retention issues, with some employers responding by paying higher wages to attract and keep staff. Many employers expressed concerns about the impact of Brexit leading to more labour shortages, especially in the case of skilled staff.

Although employers said they were struggling to find workers, some of the workers the LPC spoke talked about the continued poor quality of work, including non guaranteed hours, a lack of sick pay, and poor treatment and a feeling

that being sick would result in disciplinary action. However, the Commissioners highlighted that they were very pleased to hear that people in the region are 'very clued-up' on the NMW/NLW rates and what they are entitled to.

You can read more about the LPC's visit to Wales in this blog.

The LPC has a reputation for being evidenced based and these visits are essential for helping to gather as much information as possible across regions and in a timely fashion. You can find out more about the LPC's 2019 visits and why they need YOUR help.

CIPP comment
The Low Pay Commission (LPC) opened its annual consultation on the levels of the National Minimum Wage rates last month.

The Policy team will be publishing a survey in due course to gather views and evidence from the payroll profession.

We will also be holding a Think Tank roundtable event. The date and venue are yet to be confirmed but if you would like to register your interest to attend, please email us at policy using LPC as the subject.

Back to ***Contents***

CIPP Survey: 2019 LPC annual review of the National Minimum Wage

23 April 2019

As they celebrate 20 years of the National Minimum Wage, the Low Pay Commission are currently carrying out their annual review which seeks views from the widest possible range of contributors.

To support the CIPP written response to the 2019 consultation the policy team have published a survey to collect views and opinions as to the:

- affordability of the National Living Wage (NLW) rate and effects of an increase to the 'on target' rate for April 2020 – currently around £8.67
- evidence of the impact of increases in the NLW since its introduction – including the April 2019 uprating – on workers, employers, the labour market and the economy
- evidence of how employers are seeking to improve productivity
- evidence on how the economic outlook is affected by the process of leaving the European Union.

The LPC in consideration of all other rates which impact workers under 25 and apprentices are also seeking evidence to make recommendations on their traditional basis which is *'helping raise the pay for as many low-paid workers as possible without damaging their employment prospects'*.

The survey will close on 24 May 2019.

Thank you in advance for your time.

CIPP comment
The CIPP policy team will be arranging a think tank roundtable which will be held in early June. Invitations will be issued to all CIPP Full, Fellow and Chartered members. To express your interest in attending this roundtable please contact Samantha Mann senior policy and research officer by email to policy@cipp.org.uk.

Back to ***Contents***

Low Pay Commission urge Government to act

29 April 2019

The Low Pay Commission (LPC) have published a report with findings that suggests the number of people paid less than the minimum wage in the UK increased in 2018.

In Non-compliance and enforcement of the National Minimum Wage LPC reports that *"Our discussions with employers throughout the year revealed a high level of dissatisfaction with HMRC's approach to enforcement. Some of this is inevitable – indeed, desirable – as part of the deterrent effect of enforcement. But too much friction between Government and employers could ultimately be detrimental to the effective enforcement of the minimum wage. To this end, transparency and consistency are key; the underpinning regulations and guidance must be as clear and accessible as possible, and the experience of being audited by HMRC not feel arbitrary, as some employers told us it was.*"

Summary of LPC recommendations

- *'We urge the Government to use all available opportunities to improve the measurement of underpayment, and to investigate new methodologies for assessing the scale of non-compliance.*
- *We recommend that the Government continues to invest strongly in communications to workers.*
- *We urge the Government to consider how to build confidence in the complaints process, and to work with trade unions to understand the current barriers to reporting.*
- *We recommend that the Government's communications should build confidence in the third-party complaints process, including via guidance or case studies around successful complainants. We urge the Government to work closely with Acas, trade unions and other bodies to achieve this.*
- *We urge the Government to invest time in getting the guidance to employers right, as this will simplify the task of enforcement in the longer term.*
- *We recommend that the Government restart regular naming rounds to create momentum, increase coverage and allow stakeholders more time to prepare and support.'*

LPC Chair Bryan Sanderson said:

"*Our analysis reveals that a worrying number of people are being paid less than the minimum wage. We recently celebrated 20 years of the minimum wage – it has raised pay for millions of workers, but it is essential that people receive what they are entitled to. It is also vital for businesses to be able to operate on a level playing field and not be illegally undercut on wages.*

The Government has made real progress with its enforcement of the minimum wage, but more needs to be done to ensure employers comply in the first place and workers know how to enforce their rights."

Back to ***Contents***

Rise in number of people being paid below minimum wage

2 May 2019

A new report from the Low Pay Commission finds that the number of people paid less than the statutory minimum wage in the UK increased in 2018.

In April 2018 439,000 people were paid less than the hourly minimum wage they are entitled to, a new report from the Low Pay Commission (LPC) finds. Of these, 369,000 were workers aged 25 and over paid less than the National Living Wage (NLW): this equates to 23% of those paid at or below the rate. This is an increase of around 30,000 on

the previous year's level of underpayment of the NLW, or a 2 percentage point rise in the share of workers entitled to the rate.

135,000 people were paid below £7.20 per hour (the 2016 introductory NLW rate). These are estimates but are consistent with a trend of increasing underpayment since the introduction of the NLW in 2016.

The estimate of 439,000 workers paid less than the minimum wage is derived from analysis of the Annual Survey of Hours and Earnings (ASHE). It is not a true estimate of non-compliance for a number of reasons. Some cases of underpayment can be legitimate: for example, because of the Accommodation Offset; commission and bonuses; piece rates; and because the data may fail to identify workers as apprentices.

Equally, some underpayment – for example, resulting from deductions to pay through salary sacrifice – will not be shown in ASHE. In addition, employers who are knowingly non-compliant are unlikely to admit this in the survey. And importantly when discussing estimates of underpayment, ASHE is unlikely to include data on the informal economy, where it would be expected to find a large share of non-compliance.

Enforcement of the minimum wage by HM Revenue and Customs has benefited from increased funding, with a record number of workers identified as underpaid, arrears repaid, and fines levied on non-compliant employers in 2017/18. But other important measures – for example, the numbers of cases opened and closed – stood still, and the overall figures were driven by a relatively small number of cases.

The LPC has welcome the Government's continued focus on minimum wage enforcement, but notes the continuing challenge in making sure resources are targeted as effectively as possible.

The LPC recommends that the Government continues to invest strongly in communications to both workers and employers around minimum wage compliance and enforcement. The report makes specific recommendations around information for workers and trade unions, guidance for employers and publicity around the enforcement regime.

Measuring the full extent of minimum wage non-compliance remains a significant challenge. The LPC urges the Government to use all available opportunities to improve the measurement of underpayment, and to investigate new methodologies for assessing the scale of non-compliance.

Back to ***Contents***

Chancellor plans significant rise in minimum wage

9 May 2019

According to The Times the Chancellor is to be giving serious consideration to raising the minimum wage to as high as 66% of median earnings, meeting the Organisation for Economic Co-operation and Development's definition of low pay.

The main minimum wage rate is due to rise to 60% of median income next year, or about £8.67 an hour. Mr Hammond has reportedly held meetings with union officials over his ambitions to secure a legacy of ending low pay.

Low Pay Commission annual review of Minimum Wage
As they celebrate 20 years of the National Minimum Wage, the Low Pay Commission is currently carrying out its annual review which seeks views from the widest possible range of contributors.

To support the CIPP written response to the 2019 consultation the policy team have published a survey to collect views and opinions as to the:

- affordability of the National Living Wage (NLW) rate and effects of an increase to the 'on target' rate for April 2020 – currently around £8.67
- evidence of the impact of increases in the NLW since its introduction – including the April 2019 uprating – on workers, employers, the labour market and the economy
- evidence of how employers are seeking to improve productivity
- evidence on how the economic outlook is affected by the process of leaving the European Union.

Please take the time, if you haven't already, to complete our survey (closes Friday 24 May 2019).

Policy Think Tank
The CIPP policy team is also arranging a think tank roundtable which will be held in early June. Invitations will be issued to all CIPP Full, Fellow and Chartered members. To express your interest in attending this roundtable please contact Samantha Mann senior policy and research officer by email to policy.

Back to ***Contents***

Minimum wage - a promising but uncertain future

4 June 2019

The Resolution Foundation has published its ninth annual report on low pay which focuses on the minimum wage in terms of the big changes it is driving to the labour market and its uncertain future with its five-year uprating period coming to an end next year.

The Low Pay Britain 2019 report focuses on the minimum wage, for two reasons:

1. It is driving big, welcome changes to the labour market. As the UK's wage floor celebrates its 20th birthday, recent increases in its level have driven the first sustained reduction in low pay for four decades. Since the higher 'National Living Wage' (NLW) was introduced for those aged 25 and over in 2016, the percentage of employees in low pay (paid less than two thirds of median hourly pay) has fallen from 20.7 per cent in 2015 to 17.1 per cent in 2018.

2. The minimum wage is at a crossroads, with an uncertain future. The five year uprating period instituted in 2016 comes to an end next year, and policy makers need to decide where to take it next. The Chancellor and the Labour Party have both announced ambitious plans for its future, either of which would result in the UK having one of the highest minimum wage rates in the world. This report offers a framework for how to marry such (welcome) ambition with caution given that we do not know where the optimal level of the wage floor lies. The Resolution Foundation focus more on the journey, rather than the ultimate destination – how fast to boost wages for the lowest earners while managing the inevitable risks to employment.

The Low Pay Britain 2019 report sets out a loose framework that tests, under three successively more challenging scenarios, the pace of NLW growth, relative to earnings growth, that would allow policy makers to revert the minimum wage back to its optimal 'bite' in relatively short order without having to introduce nominal cuts to the minimum wage. The framework proceeds from five key arguments about the impact of the minimum wage:

1. There is an optimal point, relative to earnings and productivity, at which the minimum wage should sit. This is the point at which the benefits of a higher wage floor for lower earners is outweighed by employment falls or other negative side effects;
2. It is reasonable to conclude that we have not yet reached this optimal point, but for exactly that reason we do not know where that optimal minimum wage is and are unlikely to become aware until some negative effects have been felt;
3. The challenge is to increase the wage floor's bite in such a way that we can swiftly return to the optimal level if evidence emerges to show we have exceeded it;
4. For reasons both political and economic, minimum wages are to a significant extent nominally rigid downwards, i.e. it is difficult to reduce them in cash terms. The pace of nominal earnings growth is therefore a central driver of the flexibility of the wage floor's bite, determining the pace at which we can return to an optimal bite if we find we have exceeded it;
5. The optimal pace of increases would take into account the fact that shocks, including weak nominal earnings growth, can happen.

The full report is an insightful read - Low Pay Britain 2019

What has happened to the hourly and weekly pay of NLW workers?
The LPC has also written an interesting blog pulling information from the report on "What has happened to the hourly and weekly pay of NLW workers?"

LPC annual consultation draws to a close
The LPC's annual consultation on the levels of minimum wage rates, including the impact on employers, closes later this week on Friday 7 June. The CIPP policy team will shortly be publishing the results of their survey, and evidence from the Policy Think Tank (to be held on 10 June – places still available at the time of publication).

Back to ***Contents***

Suspension of the minimum wage naming scheme

7 June 2019

Due to a recommendation made last year by the director of labour market enforcement, the scheme which names employers who have breached minimum wage legislation was suspended and is currently under review.

The Secretary of State for Business, Energy and Industrial Strategy (BEIS) made a statement on the suspension of the national minimum wage naming scheme. The Statement is as follows:

"Enforcement of the national minimum wage and the national living wage is a priority for the Government, and we take tough action against the minority of employers who underpay. Last year, employers were ordered to repay over 220,000 UK workers a record £24.4 million of arrears. We have more than doubled the budget for minimum wage compliance and enforcement since 2015, and it is now at a record high of £27.4 million.

As part of our enforcement approach, we name employers who have breached the legislation, which raises awareness of national minimum wage enforcement and deters others who may be tempted to break the law. To date, the Government have named almost 2,000 employers who have underpaid the national minimum wage. The Government are reviewing the naming scheme to ensure that it continues effectively to support minimum wage compliance. This is in response to a recommendation made by the director of labour market enforcement, Professor Sir David Metcalf, last year.

In December 2018 we accepted both of the director's recommendations relating to the naming scheme, specifically to review the scheme's effectiveness and to consider how to provide further information under the scheme in future. The Government have sought to learn from other naming schemes and other regulatory approaches. We have also discussed the evidence with the director of labour market enforcement and have conducted further analysis to understand the impact that any changes to the scheme would have on the number of employers named.

Naming and shaming remains an important part of our enforcement toolkit, and the review will be concluded in the coming weeks. Any changes to the scheme will be communicated through the national minimum wage enforcement policy documents".

Back to ***Contents***

Living Hours campaign launched to tackle work insecurity

17 June 2019

New research finds one in six workers are in insecure, low paid work, with millions facing cancelled shifts, a lack of stable hours, or short-term contracts.

The Living Wage Foundation has launched Living Hours, a major new programme to tackle widespread insecurity over hours and provide workers with real control over their lives. The scheme will require organisations to pay the real Living Wage and commit to provide workers with:

- at least **four weeks' notice of shifts**,
- a **contract that accurately reflects hours worked**, and
- a **contract with a guaranteed minimum of 16 hours a week.**

Organisations that agree to these measures will be accredited as Living Hours employers alongside their Living Wage accreditation.

The announcement comes as new research commissioned by the Living Wage Foundation has revealed that one in six, or around 5 million workers, are in low paid, insecure forms of work, including short-term contracts, and contracts with unpredictable pay and hours. The research found:

- 2 million workers in low paid, insecure work are parents
- Over a fifth (22%) of workers aged 16-24 are in low paid, insecure work, and in most types of insecure work measured, young people are worst affected
- However, insecurity is not just a problem for young people – 1 in 2 employed people (46%) experiencing insecurity and low pay at work are over the age of 35
- Over a fifth (21%) of the working population in Wales experiences low paid, insecure work, and 18% in the North East, compared to 15% in London and 13% in Scotland
- Those from black and minority ethnic backgrounds are disproportionately affected: 15% of white people in work are experiencing low pay and insecurity in comparison to 17% of workers from mixed/multiple ethnic groups, 17% of Asian/Asian British workers and 17% of Black/African/Caribbean/Black British workers

The Living Wage Foundation has developed a new standard of what good looks like for those employers that can offer 'Living Hours' alongside a real Living Wage. Find out more and register your interest here.

CIPP comment
Matthew Taylor's Review of Modern Working Practices (July 2017) recommended that government should act to create a right to request a contract that guarantees hours for those on zero hour contracts who have been in post for 12 months which better reflects the hours worked. Government responded to the recommendation in its Good Work Plan (December 2018) and said it will go further and introduce a right to request a more predictable and stable contract for all workers. We don't have an implementation date for this yet but as a result of the Taylor Review, from April 2020 regulations come into force which confer the right to a 'written statement of particulars of employment' and associated enforcement provisions, upon all workers (currently this right applies only to employees).

Back to ***Contents***

CIPP response: April 2020 National Minimum Wage rates

17 June 2019

55% of employers have revised their pay structures as a result of the introduction of the National Living Wage (NLW).

This is one of the key findings from our research to inform our response to the Low Pay Commission's (LPC) consultation on April 2020 National Minimum Wage rates.

Background
The LPC is the independent body that advises the Government on the level of the minimum wage. To assist with its remit to recommend in October of this year the NMW and NLW rates to apply from April 2020, it published a consultation in March 2019.

The current target for the National Living Wage will be met (subject to sustained economic growth) by April 2020. In the 2018 Budget, the Chancellor stated his intention to give the LPC a new remit beyond 2020 so the LPC also invited views in its consultation on how the existing target for the NLW has worked and on potential future arrangements.

CIPP response
In order to collect the views of members of the payroll profession, which includes both in-house professionals as well as professionals working in the out-sourced payroll service sector (which includes bureaux, accountants and book-

keepers), a survey ran throughout May and a Think Tank roundtable was held in Leeds in June, to which two representatives from the Commission met with a number of representatives from both the payroll and legal profession.

You can read the full CIPP response to the consultation on April 2020 National Minimum Wage rates, however in summary:

Key findings

- 55% of employers have revised their pay structures as a result of the introduction of the National Living Wage (NLW)
- 21 % of employers who offer a reward package to their employees have seen an impact to it as a result of the NLW
- 41% of employers believes that the LPC should not seek to meet the target rate of the NLW

Whilst it is fair to say that a large number of the respondents to the survey still pay significantly in excess of the minimum wage rates, and it has not so far impacted the number of staff employed, nor the number of hours worked by staff, a growing number are beginning to feel the impact, and are concerned about:

- the numbers of employees who are being paid at or near the minimum wage
- the decreasing pay differentials for roles requiring additional qualifications or authority
- the impact on employee relations as a result of the diminishing differentials and growing number of employees being paid at or near the minimum wage

Looking ahead to the remit of the Low Pay Commission we are aware of increasing calls on the commission to monitor and recommend more than simply rates of minimum wage, and we would ask that the LPC not seek to 'dilute' its skills. The LPC has worked extremely well – a fact demonstrated by its continued existence and the esteem in which it is held. We would ask that the LPC continue doing what it does best – bringing together employers, workers and academics in a bid to set the rate of and monitor the impact of the minimum wage.

Ending low pay is an ambitious aspiration by the Government but increasing the minimum wage is only one step needed – wider review of state policy is required which includes:

- the impact of taxes – which includes NICs
- the impact of workplace pension saving
- the working of Universal Credit and the effective flow of data between HMRC and DWP.

We would ask that if the two/thirds of median pay be a future aspiration for the NLW then it be given an equally lengthy period of roll out with the backing of an improved information programme for employers.

We are grateful that the Commission has championed our calls for greater transparency within compliance and enforcement however this hasn't yet come to fruition, indeed education material and guidance, other than in its simplest form, has yet to see any improvements.

We once again call for the creation of a cross departmental stakeholder forum that sees BEIS, HMRC, LPC and the Director of Labour Market Enforcement come together with interested stakeholders on a regular basis, to ensure the effective and informed delivery of minimum wage compliance.

Read the full CIPP response to the consultation on April 2020 National Minimum Wage rates, which includes the responses to our survey.

All consultation responses are available in the Policy hub under My CIPP on our website.

Back to *Contents*

BEIS Committee calls for WHSmith workers to be paid Living Wage

18 June 2019

Rachel Reeves MP, Chair of the Business, Energy and Industrial Strategy (BEIS) Committee, has called on WHSmith to commit to paying all workers a fair wage by signing up to the Living Wage Foundation.

In a letter to the BEIS Committee, following his appearance at an evidence session on the future of the post office network, WHSmith Managing Director Carl Cowling confirmed that WHSmith has not been accredited by the Living Wage Foundation but that they offer pay rates which are competitive with other retailers, in what is a very challenging retail environment.

He said that WHSmith start the majority of their store staff on the National Living Wage / National Minimum Wage or at an uplift of roughly 6% in some locations. Alongside this, they offer training and progression to support and encourage employees as they move up through the business, evidenced by several of its executive directors having started on the shop floor.

WHSmith's 2018 Annual Report shows that the CEO Stephen Clarke received a total remuneration package of £2.9m and the CFO Robert Moorhead £1.8m.

Rachel Reeves MP commented:

"While top executives at WHSmith are being rewarded with handsome packages of pay and perks, some staff are not even deemed worthy of being paid the National Living Wage. Such disparities in remuneration are impossible to justify and WHSmith should pledge to pay all workers fairly and sign up to the National Living Wage Foundation."

Back to ***Contents***

There are problems the minimum wage can't fix

21 June 2019

"That so many remain positive in the face of desperate circumstances is an enormous tribute to the human spirit. But Hartlepool has challenges that are beyond the LPC to meet and it is important for us all to recognise that labour market interventions on pay have their limits."

These are the words of Simon Sapper, one of the commissioners of the Low Pay Commission (LPC) who visited the North East recently. He said that on almost every single one of the 100-plus measures in the NOMIS Labour Market Report, the town of Hartlepool lags behind the rest of the region and even further behind the rest of the country.

In March of this year the LPC began its annual regional visits to gather evidence for its recommendations regarding the National Living Wage (NLW) and National Minimum Wage (NMW) rates for those aged under 25.

After his visit to Hartlepool Simon Sapper wrote that it's important to remember, always, that the remit of the LPC is to recommend increases in minimum pay rates that will not damage employment and that the point of these visits is not to judge or apportion blame, but to understand how the NMW and NLW feature in the planning and practice of work in the local economy.

He said that it isn't a task you can approach on a soulless basis, and among many statistics about Hartlepool, the ones that stood out for him were:

- Nearly 30% of working age people were "inactive" – and of that percentage, more than 85% did not want a job
- Almost 30% of households are workless and more than 1 child in 4 is in such a household.

"What does this mean for the resilience of an economy or a society? Where will we find the reservoirs of hope in Hartlepool?"

Simon highlights a striking statistic: in the early 2000s, around 15,000 people (20% of Hartlepool's population) were claiming one of the key social security benefits. The Enterprise Centre estimates that since then, they've brought in around £55m of employment-related investment, including a £30m EU grant.

Roll forward to 2019, and there are still 15,000 Hartlepudlians claiming a key benefit. This isn't a sign of failure - the current 15,000 will not be the same people as before. That we know because the life expectancy in the town is so far

adrift from national standards that demographics will have ensured it is the case. And that EU grant is putting 8,000 "neets" through college and setting them on a trajectory to employment.

"So the stat is really striking because, in spite of truly Herculean efforts by the people we met, the problem is not going away, or even diminishing…

…Issues about the development of the NLW, possible increases in the NMW, restructuring youth rates, and non-compliance don't really get on the radar in this town. Poverty, to quote a local, draws in the horizon. People don't look beyond today or further than their own town."

Follow this link to read all of Simon's words, in what is a very thought provoking article.

Back to ***Contents***

Four in ten small firms increasing prices due to higher wages

16 August 2019

New research from the Federation of Small Businesses (FSB) reveals that small business owners are cutting profits and productivity-enhancing investments in an attempt to absorb inflation-beating wage increases.

The FSB surveyed more than 1,162 business owners and results show that over half (51%) of small firms were paying all staff at least £8.21 per hour prior to this becoming the National Living Wage (NLW) rate in April. The figure rises to 56% among microbusinesses (those employing up to 10 staff).

The research also shows that the most common response to April's NLW increase among small business owners directly affected by the change is to pay themselves less: seven in ten (71%) lowered profits or absorbed costs in an attempt to handle the hike.

The other most-frequently cited responses to the increase included:

- increasing prices (45%)
- delaying investment (29%)
- reducing hours worked by staff (23%)

In March, the Government launched a widespread international review of minimum wage rates and the Low Pay Commission (LPC) also published its annual consultation on minimum wage rates. In the FSB's response to this consultation it stressed that *"it is crucial for the LPC to maintain a firm level of independence – the NLW shouldn't be dictated by arbitrary political targets."*

The FSB has also called on the LPC to take *"a cautious approach in working towards an aspirational goal"*, encouraging policymakers to *"implement any future ambitious pay goal over a ten-year period."*

The FSB also highlights that significant changes to minimum wage levels alone will not achieve the goal of reducing poverty in the UK and that Universal Credit, affordable housing, education, childcare and accessible transport all have a vital role to play.

FSB National Chairman Mike Cherry said:

"…We're now seeing more small business owners than ever saying that living wage increases are impacting the bottom line. Their first instinct is usually to take the hit personally, paying themselves less rather than cutting staff.

While politicians are locked in a battle of who can make the boldest promises on pay, they fail to acknowledge that – within many smaller businesses – bigger pay packets often mean less investment, fewer training opportunities and higher prices. With pay now outstripping inflation, it's harder and harder for small business owners to put funds aside for the investment needed to close the UK's productivity gap…"

Back to ***Contents***

Proposed increase to National Living Wage and decrease to age limit

2 October 2019

Conservative Chancellor, Sajid Javid has pledged to substantially increase the National Living Wage from the current £8.21 to £10.50 per hour.

The proposal has already drawn criticism from The Federation of Small Businesses, who speculate that 'this increase will leave many small employers struggling and, without help, could make some small firms unviable.'

The Chancellor has given a deadline of five years, until 2024, before the new National Living Wage is to be implemented to give businesses significant time to prepare but has also added a further stipulation that workers over the age of 21 will be eligible for the National Living Wage, rather than the current entitlement age of 25.. Should the proposition come to fruition, the Chancellor estimates that this will be beneficial to approximately four million people.

The National Living Wage is a legal requirement that all employers have to observe and adhere to when making payments to employees who hit or exceed a certain age.

The figure of £10.50 was decided by calculating two thirds of median earnings, based on current predictions. It is important to remember that these figures are only speculative and have not officially been confirmed.

Back to ***Contents***

Labour plan to introduce 32-hour working week whilst abolishing zero-hour contracts

3 October 2019

MP John McDonnell has pledged that the Labour party will implement a much shorter 32-hour average working week, which will have no detrimental impact on salaries, within the ambitious timescale of ten years.

Employee Benefits has reported that, whilst speaking at the 2019 Labour Party Conference, McDonnell declared, "We should work to live, not live to work" whilst outlining the party's plans for its next term in government. He pointed out that "millions are exhausted from overwork" and promised to eliminate the option for UK employees to opt out of the EU Working Time Directive, which currently means that staff can be coerced into working more than 48 hours per week, should their employer deem it necessary.

McDonnell also passed comment on the controversial issue of zero-hour contracts and advised that they would be abolished to ensure that employees have guaranteed working hours and therefore enough income to realistically live on. In addition to this, he asserted that the National Living Wage would be increased to at least £10 an hour, again reiterating this requirement for a reasonable minimum income to survive on.

Back to ***Contents***

Sajid Javid's pledge to hike national living wage will be in two phases

9 October 2019

As reported in CIPP's news online, Sajid Javid vowed to increase the national living wage to £10.50 and also promised that this would no longer be restricted to those over the age of 25 but eventually to any employee aged 21 and over.

The delivery of the decrease to the national living wage age will be rolled out in two steps – the first of which is in 2021, when the national living wage will be accessible to anybody aged 23 and over. Then there will be a second phase, and in 2024 anyone from the age of 21 will be eligible for pay of £10.50 per hour as a legal minimum requirement.

The Guardian reported on this and noted that the move will require amendments to secondary legislation but no changes to standard legislation as the figures are proposed by the low pay commission, an advisory body sponsored by the Department for Business, Energy & Industrial Strategy (BEIS).

Back to ***Contents***

National Minimum Wage Webinar from HMRC

21 October 2019

HMRC is offering a webinar on 6 November 2019 (the same date as the Chancellor's Budget is intended to take place) which concerns the trials and tribulations for employers in ensuring that they are paying their staff the National Minimum Wage and the National Living Wage.

On the surface, this process sounds simple but there are many genuine mistakes that can be made that result in non-compliance. This webinar aims to provide solutions and guidance surrounding these areas.

Sign up for the webinar here.

CIPP Payroll training courses

The CIPP offers a one-day classroom-based course which aims to equip delegates with the knowledge and skills required to understand NMW and NLW. The course gives an overview of the correct rates to be applied, and to whom, and examines which payments to include or exclude in calculations. There is also a section on record-keeping and compliancy. A great course for any busy payroll professionals who need to refresh their knowledge and understanding or for those new to payroll who need to learn about NMW / NLW within a short timeframe.

The course runs every month, with the next one taking place in Leeds on Tuesday 26 November.

Back to ***Contents***

HM Treasury issues a review of international evidence in relation to the impacts of minimum wage

7 November 2019

HM Treasury has published documentation that compiles research conducted by Professor Arindrajit Dube in relation to the international effects of minimum wages and how the findings could factor into UK policy on the matter.

The independent review, commissioned by the government, concludes that to consider more ambitious increases to the National Living Wage (NLW) would not be detrimental to rates of employment. The government aimed for the uplifts to result in the NLW being the equivalent of 60% to two-thirds of median hourly earnings. The study found that even the most ambitious of policies did not have any substantial effect on employment but did mean that the earnings of low paid workers were significantly higher.

There is a cautionary note to the review, however, which suggests that there should be procedures in place so that the Low Pay Commission (LPC) can recalculate the NLW in the event of unforeseen circumstances which could be counterproductive to increasing the NLW or if the increase to the NLW started to have any undesirable effects on wider

society. The review urged the government to assess its knowledge base and the quality of data used when assessing the impacts of minimum wage.

The LPC also published two separate reports on this subject matter and one related to The National Living Wage Beyond 2020. This report contains the guidance that was provided to the government in relation to abolishing low pay in the UK whilst maintaining levels of employment. The other report was entitled A Review of the Youth Rates of the National Minimum Wage and this contains evidence relating to why the National Living Wage should be accessible to everybody from the age of 21, and not just to those over the age of 25, in line with how it is currently paid.

CIPP comment

We welcome the cautionary note 'that there should be procedures in place so that the Low Pay Commission (LPC) can recalculate the NLW in the event of unforeseen circumstances which could be counterproductive to increasing the NLW or if the increase to the NLW started to have any undesirable effects on wider society.'

We look forward also to reading the Low Pay Commission 2019 Annual Report which has been the latest casualty to Election Purdah which has caused a delay to publication.

Back to ***Contents***

The Living Wage Foundation celebrate Living Wage Week 2019

13 November 2019

The Living Wage Foundation launched Living Wage Week with the publication of Real Living rates for 2019/2020.

The UK Living Wage hourly rate has seen a 30p increase to £9.30 and the London Living Wage hourly rate has benefitted with an increase of 20p to £10.75.

Living Wage Foundation Director, Katherine Chapman commented "In this time of uncertainty today's new Living Wage rates give a boost to hundreds of thousands of UK workers. Good businesses know that the real Living Wage means happier, healthier and more motivated workers, and that providing workers with financial security is not only the right thing to do but has real business benefits. This year for the first-time cities and towns have announced big plans to grow the number of Living Wage Employers in their communities. We are delighted at the ambition of Cardiff and Salford to build Living Wage cities, with Cardiff planning to double the number of workers getting the real Living Wage to nearly 50,000, freeing many more families from the low pay trap. We hope to see many more towns and cities follow suit."

Over 210,000 workers will benefit from this increase to rate with the Living Wage Foundation reporting that the increase will widen the difference between the real Living Wage and the minimum wage to over £2,000 UK wide and almost £5,000 in London.

KPMG recently published research findings revealing:

- Less than one-fifth (19%) of UK jobs pay below the real Living Wage
- The latest estimate is down from 22% last year and the lowest since 2012
- Part-time workers are three times more likely to be paid below the threshold of £9.00 (or £10.55 in London)
- All UK regions experience a drop in the share of jobs paying below the real Living Wage
- Around 24% of women face in-work poverty compared to 15% of men
- Female in-work poverty is highest in the East Midlands and lowest in Scotland

Commenting on the findings, James Stewart, Vice Chair of KPMG UK, said:

"The Brexit impasse has undoubtedly impacted the jobs market and it is clear that employers have stepped up and taken decisive action to retain and motivate their workforces.

"Over the coming period of uncertainty productivity will be key and we know that the real Living Wage is an effective driver. What's good for our workers is good for business too and there is a real opportunity for many to look at the remuneration of their staff in terms of overall benefit to their business as well as the bottom-line.

He added:

"But we must ensure that part time workers are not left behind – as these figures show well over a third are not benefiting from the real Living Wage. There are also far too many women who are not benefiting from these changes and over the coming year we must address this and the regional disparities which still exist."

Back to ***Contents***

The future of minimum wages

19 November 2019

With the general election just around the corner, the Institute for Fiscal Studies (IFS) has published an **article** that addresses the key findings relating to proposed increases to the minimum wage that political parties are discussing. Both Labour and the Conservatives have pledged to substantially uplift the minimum wage figure if they are elected in December. Labour plans to introduce a £10 minimum wage in 2020 for all employees aged 16 plus. The Conservatives have promised to increase the National Living Wage (NLW) to two-thirds of median hourly wages by 2024, which will be available to all staff aged 21 and above. Both parties understand the importance of minimum wages and know that an increase will raise living standards for those who are on the lower end of the earning scale.

Labour's proposal would mean that minimum wage is uplifted by 17% on current plans for those aged 25 and over, with a 26% increase for 21 to 24-year olds. 18 to 20-year olds would benefit from a 58% increase whilst 16- and 17-year olds would see a 123% increase. Plans by the Conservatives would mean a 7% increase for those aged 25 and above, with a 16% uplift to the minimum wage for those aged 21 to 24.

Figures demonstrate that approximately 1.9 million employees over the age of 21 are paid at or below the minimum wage at present. This is due to increase to roughly 2.3 million staff by 2020. Conservative policies would see this figure double to around 4.3 million staff, and under Labour, this number would treble to 6.5 million employees by 2020.

Those who work part-time, who live in the North of England or Wales and women would be affected most. Almost a third of women, half of part-time workers and 30% of those who live in the north or Wales would be impacted by Labour's proposals to increase the minimum wage to £10 and to extend it to all of those aged 16 or over. Employees in the hospitality sector would reap the benefits of Conservative plans relating to minimum wage, with more than half of the staff in that sector being affected. Two-thirds of these employees would benefit from Labour's intentions.

The article notes that there is clearly a good case for increases to the minimum wage as it helps those that are low-paid with relatively minimal impact on employment or hours of work. Studies that explored the effect of the post-2015 National Living Wage have shown this but the findings and evidence are still tentative at this point. It does also state that caution needs to be taken in relation to the minimum wage as if it isn't done properly, it could actually end up negatively affecting the very people that it intends to help.

Back to ***Contents***

Think tank pledges support for higher minimum wages for liquid workers

22 November 2019

A Demos think tank has asserted that flexible workers, including contractors, should benefit from a higher minimum wage rate due to the unpredictable nature of their work which could potentially result in fluctuating and crucially, low, earnings over the course of time.

Demos is an educational charity which maintains a cross-party political viewpoint. It has published recommendations that relate to the payment of liquid workers within contemporary society. A liquid worker could be a gig economy

worker, someone who is self-employed, a freelancer, an agency / temporary worker, someone employed on a zero hours contract or a person with multiple jobs.

Due to the uncertainty surrounding the income levels for these types of worker, they face higher levels of risk in life, for example, they may struggle to take out a loan or to secure a mortgage as a result of their varied earnings. The argument is that the application of a higher minimum wage in these circumstances would serve to protect workers and at least alleviate some of the stress associated with financial uncertainty that they face. It would also protect individuals should they become sick or fall pregnant as self-employed workers do not receive any occupational sick or maternity pay that a permanent employee might expect to receive from their employer. Additionally, self-employed workers receive no entitlement to holiday pay.

Author Ben Glover commented

"Self-employed workers are not protected by the safety net that many of us take for granted, from sick pay to maternity cover.

This bargain is only fair if self-employed people earn enough to cover the additional risk they take on, but too often in Britain today this is simply not happening. That's why we are calling for a new, higher minimum wage for the self-employed."

There have been suggestions that banks or trade unions could oversee employment benefits and holiday pay, drawing influence from the Ghent system which has been implemented in other countries, an example of one being Denmark. The system's name is derived from the Belgian city where it was initially piloted, and it involves bodies other than the government administering benefits to liquid employees.

There was no fixed minimum wage figure for liquid workers provided as Demos confirmed that the Low Pay Commission should conduct research into this and provide the relevant rate. There were also calls for the government and banks to offer training to the self-employed on the issue of managing their finances and a recommendation to introduce an auto-enrolment scheme for the self-employed.

Back to ***Contents***

Government releases new minimum wage figures for April 2020

3 January 2020

The national living wage is set to increase by 6.2% from the turn of the new tax year, which will mean that employees aged 25 and over will receive £8.72 per hour, as opposed to the current rate of £8.21. The rate is more than quadruple that of inflation and the government has called it "the biggest cash increase ever".

The comprehensive list of rates is laid out below, with workers in all age brackets eligible for an increase to the minimum amount that they can expect to be paid per hour:

- The National Living Wage for ages 25 and above - up 6.2% to £8.72
- The National Minimum Wage for 21 to 24-year-olds - up 6.5% to £8.20
- For 18 to 20-year-olds - up 4.9% to £6.45
- For under-18s - up 4.6% to £4.55
- For apprentices - up 6.4% to £4.15
-

The Prime Minister, Boris Johnson, said:

"For too long, people haven't seen the pay rises they deserve."

Many businesses have expressed their concern at the new rates, and the fact that they have increased at such a substantial rate over that of inflation. There are calls for the government to cut operational costs for companies in other areas to avoid placing them in situations of financial pressure. The BBC reported that Hannah Essex, co-executive director of the British Chambers of Commerce, commented that many companies "have struggled with increased costs in a time of great economic uncertainty." She went on to say:

"Raising wage floors so far above the rate of inflation will pile further pressure on cash flow and eat into training and investment budgets.

For this policy to be sustainable, government must offset these costs by reducing others."

The Federation of Small Businesses (FSB) echoed this sentiment and warned that the increase to the minimum wage could lead to lower recruitment rates, increased redundancies and the shelving of investment plans. Craig Beaumont, the organisation's directors of external affairs and advocacy, commented:
"There's always a danger of being self-defeating in this space. Wage increases aren't much good to workers if prices rise, jobs are lost and there's no impact on productivity because employers are forced to cut back on investing in tech, training and equipment."

Mr. Beaumont also referred to the 1.7% increase in business rates that will come into effect from April 2020, which he said could, combined with the increase to the minimum wage, have a substantial effect on businesses, particularly those that are smaller in size.

An independent report , conducted by Professor Arindrajit Drube, which investigated the impacts of minimum wages around the globe and how this could translate to UK policy should work to allay some of the fears prompted by the increases to minimum wage rates, as it found that there was little to no evidence of job losses as a result of rising minimum wage levels. He welcomed the prospect of "exploring a more ambitious national living wage" but asserted that the Low Pay Commission should have the power to review the effect of pay increases in relation to jobs, so that any uplifts that start having detrimental effects can be reconsidered.

The Low Pay Commission recommended that workers aged 21 and over should be entitled to the national living wage. It is the government's intention that this will be achieved by 2024, in line with when the national living wage will be set at £10.50 per hour.

Frances O'Grady, general secretary of the Trades Union Congress, has argued that workers need a national living wage above £10 per hour now and not four years in the future. She stated:

"This is a long-planned raise, but it's also long overdue. Workers are still not getting a fair share of the wealth they create. And in-work poverty is soaring as millions of families struggle to make ends meet,"

There is a separate, non-mandatory wage level, calculated by The Living Wage Foundation, which it describes as a fair level of pay, and a figure that is a true reflection of the cost of living. This is currently set at £9.30, with a higher amount of £10.75 for employees based in London. Approximately 6,000 UK businesses pay this "real living wage" and are accredited Living Wage employers.

CIPP comment

Paying the National Minimum Wage and National Living Wage is a legal requirement for businesses, and it is crucial that employers and payroll departments are getting it right. The CIPP recognises this and offers a comprehensive day long course which explores what the rates are, who they apply to and also looks at the payments and deductions to include and exclude from calculations, to ensure compliance. The next course takes place on 22 January 2020 in Manchester and you can enrol here.

Back to ***Contents***

A cautionary note surrounding the leap year and National Minimum Wage / National Living Wage

6 January 2020

2020 is a leap year, which means that instead of the standard 365 days in the year being observed, there will be 366 as there is an additional day in February – the 29th. For many, this will have absolutely no impact on their pay whatsoever, but employers are being urged to exercise caution in certain scenarios.

For a large number of salaried employees, they will work the additional day and see no effect on their pay but, where their hourly rate is close to or sits at the National Minimum Wage (NMW) or National Living Wage (NLW), businesses

are being urged to ensure that the additional day in the year does not reduce employee pay to below the legal minimum. Non-compliance could result in a potentially large fine from HMRC.

For employees who receive salaries that incorporate hourly rates substantially higher than the NMW / NLW, there will be no entitlement to additional pay for the extra day unless there is an explicit stipulation in their contract that relates to this. Alternatively, a conscientious employer may decide to make a goodwill payment in relation to the additional day, but this would be an entirely voluntary decision.

Where workers are paid by the hour or in terms of the amount of work they complete, things are much less complex as these people will feel the benefit of earning more should the additional day in the year mean that they carry out more work. This is because they are entitled to payment based on hours worked or work completed, and not to a fixed salary each year.

CIPP comment

The CIPP recognises that the area of National Minimum Wage and National Living Wage is not always the most simple or transparent as there are a number of factors that need to be considered when ensuring compliance and making sure employees don't get paid below the legal minimum. The penalties for breaching NMW and NLW requirements can be substantial. To assist payroll professionals on this subject, we offer a one day training course – 'National Minimum Wage and other worker entitlements' – the next one is being held in Manchester on 22 January 2020, and you can enrol here.

Back to ***Contents***

Study suggests that a substantial number of employees are paid under minimum wage

10 January 2020

Research conducted by the Resolution Foundation think tank highlights that a quarter of employees aged 25 and over are not receiving the minimum wage and are being paid below the amount required by law.

Findings have demonstrated that the practice in which firms do not comply with minimum wage requirements has become more widespread and has increased since the introduction of the National Living Wage in 2016. Prior to this, roughly one in five workers aged 25 and over was underpaid but this has crept up to more than one in four.

A spokesperson for the government spoke to the BBC to confirm:

"All businesses, irrespective of size or business sector are responsible for paying the correct minimum wage to their staff. HMRC won't hesitate to take action to ensure that workers receive what they are legally entitled to.

In 2018-19, HMRC completed over 3,000 investigations, identifying over £24.4m, the highest amount in a single year, for more than 220,000 workers.

Consequences for not complying with paying National Minimum Wage can include fines of 200% of the arrears, and, for the worst offences, criminal prosecution."

The contents of the research weren't all as depressing, as it found that most firms actually want to pay the minimum wage, if not only due to the fines that can be imposed on them for non-compliance. The study – entitled – 'Under the Wage Floor' – asserts that the penalties are still not enough to deter some unscrupulous businesses from actively ignoring the law when it comes to the issue of paying minimum wage, and that the associated fines need to be increased significantly.

Experts have voiced their concern that the increase to the new minimum wage rates to be introduced in April 2020, which substantially exceed the rate of inflation, could lead to further non-compliance amongst some employers.

Lindsay Judge, senior policy analyst at the Resolution Foundation, commented

"The minimum wage has been one of the UK's biggest policy successes in recent decades, delivering much-needed pay rises to millions of low-paid workers.

Its success is dependent on employers taking it seriously, with those firms paying it not being undercut by a minority that fail to do so.

The welcome introduction of the National Living Wage in 2016 has led to a worrying rise in minimum wage underpayment. As the government plans to increase the legal wage floor through this Parliament, it is essential to strengthen the incentives for firms to comply."

The rates to be applied from April 2020 are as follows:

- 25 years old and over - £8.72
- 21-24 years old - £7.70
- 18-20 years old - £6.15
- Under 18 - £4.35
- Apprentices - £3.90

CIPP comment

The topic of National Minimum Wage and National Living Wage is very prevalent within contemporary society, and there is pressure on employers to act in an ethical manner, and to comply with the law. The penalties surrounding non-compliance in this area can be substantial. There may be scenarios where businesses believe that they are abiding by the law but where there is a lack of understanding which means that a process is bringing employee pay below the NMW or NLW. In recognition of this, the CIPP offers a day long training course to help payroll professionals with the complexities of observing NMW and NLW rates. The next course is scheduled to take place in Solihull on 26 February 2020, and you can enrol here.

Back to ***Contents***

Interesting research into the effects of the National Living Wage from the Low Pay Commission

21 January 2020

The Low Pay Commission (LPC) has published a new blog discussing two key pieces of research that have been carried out in relation to the National Living Wage (NLW) and how it relates to inequality and job progression.

Two major questions were introduced by the LPC and the findings published back in December of last year. They addressed whether the minimum wage had an impact on wage inequality and if increases to the minimum wage aided or impeded people when trying to make the transition into a better-paid job.

The LPC provides recommendations to the government in relation to the future of the minimum wage within the UK and carries out research in order to reinforce those proposals, exploring the effects of the increasing minimum wage on not only individuals, but also on businesses.

This particular research was a two-year project which was commissioned in 2018. Silvia Avram from the University of Essex and Susan Harkness from the University of Bristol carried out the research and, as part of the study, examined the NLW's effects on wage 'spillovers'. This term refers to how an increase to the minimum wage benefits not only those directly affected by it but those who earn slightly above the minimum wage rate, who also end up receiving a pay rise. The extent of spillovers was assessed by examining wage distribution across regions. Researchers looked at variations across different 'travel-to-work' areas and controlled for other differences between areas.

Findings implied that only about seven percent of the workforce are paid the NLW, and in the period to 2018, workers in the bottom 30 percent of the pay distribution benefited either directly or indirectly from it. Research also indicated

that wages increased faster in areas with more minimum wage workers. A 1% increase to minimum wage is associated with a 2-2.5% increase in wages at the fifth percentile, a 1.5-2% increase at the tenth percentile and 1-1.5% at the 20th percentile.

The second section of the research studied how the first two years of the NLW being implemented affected the ability of minimum wage workers to move into higher-paying jobs. Jobs were divided into three groups based on pay –they were minimum wage jobs, 'low-paid' jobs (more than NLW but less than 2/3 of average wage) and 'high-paid' jobs (paying more than 2/3 of the average wage). The research again utilised the variation in minimum wage coverage across areas to explore the NLW's effect on moves out of minimum wage employment. The findings demonstrated that roughly half of minimum wage workers moved into jobs that paid above the minimum wage each year but that around 80% of those moves were into 'low-paid' employment, with only 20% securing 'high-paid' jobs. Over three years, moves to high-paid jobs occurred only slightly more frequently than over a year. There was minimal proof to suggest that the higher NLW made it more difficult for minimum wage workers to move into higher-paid jobs.

The overarching findings were that the NLW has 'compressed' pay distribution and that wage inequality has decreased since its introduction. Workers earning above the minimum received faster increases than they would have done ordinarily but this compression has not led to more minimum wage workers becoming 'stuck' in lower-paid jobs and the rising minimum wage has had no negative impact on the number of minimum wage workers moving into higher-paid jobs. The parting message is that the LPC will continue to explore this topic and that the project has now been expanded to investigate the effects on progression of the 2018 uplift to £7.83.

Back to ***Contents***

Low Pay Commission announces regional visit programme for 2020

28 January 2020

The Low Pay Commision (LPC) has been making regional visits for over 20 years and classes the exercise as a crucial element of its annual programme. The body has now released information relating to the dates and places it will be visiting over the course of 2020 and encourages individuals to get involved.

The LPC confirms that data alone provides only a limited insight into the effect and importance of its work, but that meeting employees who are earning the minimum wage or employers who make decisions on the basis of its recommendations really adds value to the work it carries out. Face to face meetings in previous years have highlighted new perspectives and provided results that did not become apparent from data until much later on.

The schedule for 2019 included visits to flag-makers in Swansea, bartenders in Ayr, brewers in Hartlepool and fruit growers in East Anglia. Participants in the programme for last year included employees from a range of age brackets and employers from different sectors such as care, hairdressing and manufacturing, varying from local to national in presence, both small and large in size.

The LPC will be visiting Stoke-on-Trent, Belfast, Aberystwyth, Weymouth and Portland, Dunfermline and Fife and Sheffield on dates throughout March, up until August. The locations were carefully selected based on minimum wage coverage, local levels of employment and how long it has been since the LPC visited them last.

The body would be interested in meeting with workers, employers, local authorities and charities who are affected by the minimum wage. Anyone else with an interest is also encouraged to get involved. The LPC will visit participants directly or can arrange to host a meeting in the relevant area.

The LPC wants to hear about:

- Specific impacts of minimum wage on young people and apprentices
- Life on low pay and the difference the minimum wage makes, along with other factors which affect quality of life and work for people at the bottom end of the labour market
- How businesses have adapted to the increasing minimum wage, and the pace of the uplifts over recent years
- Other factors which affect businesses in addition to the minim wage, whether that be local or national, sector-specific or more general issues

CIPP comment

The CIPP would also like to arrange roundtables and meetings that discuss the topics laid out above, and will provide feedback to the LPC. If you are interested, please contact Samantha Mann, Senior policy and research officer at Samantha.Mann@cipp.org.uk.

Back to ***Contents***

Government confirms that employers who fail to meet the requirement to pay staff minimum wage will be 'named and shamed'

12 February 2020

HRMC and the Department for Business, Energy & Industrial Strategy (BEIS) have confirmed, in a press release, that employers who fail to pay the National Minimum Wage (NMW) or National Living Wage (NLW) to their employees will be publicly named in an attempt to deter unscrupulous businesses from flouting their employment law duties.

Following a review of the public naming scheme, the decision was made that it should continue, but that increased support should be provided by government departments to enable employers to comply with existing NMW legislation, which is highly complex and many employers admit that they grapple with. The announcement also confirms that the naming rounds will become more frequent in a bid to combat the issue of non-compliance.

Previously, the government has published the names of employers who owed arrears of £100 or more in NMW payments to their workforces, but that threshold will be increased to £500. This is in an attempt to stop the publication of company names where there has been a genuine mistake, or oversight, or where there has been incorrect interpretation of NMW legislation. The employer will still be required to correct any errors and will need to pay workers back accordingly and can be handed fines of up to 200% of the arrears, but without the added embarrassment of having their name published for all and sundry to see.

The press release provided further information relating to plans to amend regulations to increase the range of pay arrangements available to companies employing 'salaried hours workers'. 'Salaried hours workers' are those that receive an annual salary in equal instalments for a set number of contracted hours. The changes will mean that workers who have varied hours and therefore, pay checks, each period can be classified as salaried workers in the future. This will mean that there is more flexibility around how salaried workers are paid but that protections for workers are not compromised in any way. It also means that employers are less likely to fall foul of the convoluted NMW legislation which historically caused issues when individuals were paid drastically differently values from one month to the next.

It is really encouraging that the proposed changes incorporate the themes that were presented in the CIPP's response to the initial BEIS consultation on Salaried Workers and Salary Sacrifice Schemes. The press release listed the following changes:

- Fortnightly and 4-weekly pay cycles will be permitted for salary workers. This is a big win as it means that it will include a large proportion of individuals who work within the retail sector, where there seems to be higher levels of non-compliance with NMW regulations
- Employers will now be allowed to choose the 'calculation year' appropriate to their workers, which will enable them to monitor the hours worked by salaried workers to try and prevent underpayment of wages
- Salaried workers will be entitled to receive premium pay, for example, for working on a Bank Holiday, without forfeiting their entitlement to equal and regular instalments in pay

The new changes are due to come into effect from 6 April 2020 but are subject to standard Parliamentary approvals at the time of writing.

The government has also determined that, where employers offering salary sacrifice and deduction schemes bring payments below NMW rates, there will be no related financial penalties. There will be conditions imposed upon this, inclusive of the fact that the worker must have directly opted into the scheme and the information given at this stage is that deductions of NMW for uniform and other items connected with the worker's employment will still be penalised.

The government seems to have accepted that the NMW legislation as it stands is highly complex and will be proactive in improving NMW guidance on the Gov.UK pages and will make it easier to navigate. There will be more in-depth guides on specific compliance issues, and new user-friendly guidance will be published shortly. There will be more help available to employers who operate deduction or salary sacrifice schemes, in the form of a helpline, and finally, HMRC will visit new and smaller businesses to provide education on the NMW to support them in getting it right first time.

The upcoming Employment Bill is expected to follow on from the update to the NMW regulations and discusses plans to create a Single Enforcement Body to give the government greater powers to clamp down on employment law breaches and to stop unscrupulous employers.

Back to ***Contents***

New National Minimum Wage Law: enforcement policy and salary sacrifice

19 February 2020

Earlier this month, the Department for Business, Energy and Industrial Strategy (BEIS) published updated guidance relating to the enforcement of National Minimum Wage Law, which discussed how employers will not have financial penalties imposed upon them in scenarios where National Minimum Wage (NMW) has not been paid due to a reduction in pay resulting from a salary sacrifice arrangement, where certain conditions are met.

To clarify, the position on NMW and salary sacrifice remains unchanged, so a salary sacrifice arrangement must not reduce an employee's cash earnings below the NMW rate – it is simply that associated penalties will not be issued where the following conditions are met:

- 1.) The whole amount of the underpayment in the reference period needs to be attributable to a salary sacrifice scheme, or a purchase from the employer which is not for items required for the employee to undertake their work (e.g. uniform), or a savings scheme operated by the employer for the benefit of the employee
- 2.) No part of the underpayment when it relates to condition one relate to deductions as respects a worker's expenditure or as respects living accommodation
- 3.) The worker has consented to the reduction or deduction
- 4.) The worker has received the relevant goods or benefits, or repayment of monies into the saving scheme in full compliance with the terms and conditions
- 5.) Employers that have been convicted of NMW offences, been party to a labour market enforcement undertaking or order, or who have been issued an Notice of Underpayment (NoU) in the past six years will still receive penalties

To reiterate, NMW should not be reduced by a salary sacrifice or deduction arrangement. BEIS has confirmed the rationale behind the decision to remove financial penalties relating to the scenarios where this does happen, and stated that employers will still need to pay employees back for any underpayment in relation to NMW and salary sacrifice, but the removal of the associated financial penalties provides employers with an opportunity to reassess their practices and ensure that they are compliant with NMW law.

"The intention of the direction is to ensure that historical liabilities are repaid to workers, whilst providing employers with an opportunity to ensure their practices going forward are compliant with the law."

Back to ***Contents***

2018/19 confirmed as another record-breaking year for Minimum Wage enforcement

21 February 2020

The Department for Business, Energy and Industrial Strategy (BEIS) has confirmed, in a report, that tax year 2018/19 was a resounding success in terms of the enforcement of Minimum Wage.

£24.4 million was identified in underpaid arrears, for over 220,000 workers, and over 1,000 penalties were issued which equated to a value exceeding the £17 million mark. £10 million in self-correction arrears were also recognized by HMRC.

It was also revealed that HMRC, who are responsible for enforcing the minimum wage, used several techniques to encourage compliance. These methods included, but were not limited to, sending 1.4 million texts to workers identified as being "at risk" and hosting webinars which attracted 44,600 attendees, which worked in conjunction with a £1.1 million BEIS media campaign which helped to inform 9/10 workers of the National Living Wage (NLW). The report also highlighted that the relevant campaign website received just under one million visits. The same communication activities will continue into 2019/20 in line with recommendations made by the Low Pay Commission (LPC).
HMRC also targets employers by providing specific guidance to inform them of their responsibilities, and educate those who want to do the right thing. Maximising the visibility and coverage of the enforcement programme serves to act as a deterrent for any deliberately unscrupulous employers.

The report discusses the difficulties in estimating the scale of non-compliance in relation to Minimum Wage and details the use of the Office of National Statistics' Annual Survey of Hours and Earnings report, but also how this is not without its flaws. Continuous work is being done to work to improve estimates surrounding minimum wage non-compliance.
The report states that HMRC received approximately 7,700 complaints relating to Minimum Wage via its online complaint form but that the Advisory, Conciliation and Arbitration Service (ACAS) received over that amount of enquiries over the course of 2018/19.

Back to ***Contents***

HMRC guidance on upcoming increases to National Minimum Wage and National Living Wage

6 March 2020

As widely documented, on 1 April 2020, the National Minimum Wage (NMW) and National Living Wage (NLW) will increase. HMRC is offering employers guidance and education ahead of the changes.

The advice given is for employers to familiarise themselves with the new rates of pay on the Gov.UK pages. Alternatively, the new rates are provided below, alongside the current rates:

Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
April 2019 (current rate)	£8.21	£7.70	£6.15	£4.35	£3.90
April 2020	£8.72	£8.20	£6.45	£4.55	£4.15

HMRC is also offering a series of live webinars, which will run throughout March, and will give an overview of the upcoming rate increases, whilst discussing the most common errors employers make in relation to NMW and NLW. There will be the opportunity to ask questions during the webinars.

You can enrol on the webinars here.

Back to ***Contents***

Further HMRC guidance on National Minimum Wage and National Living Wage published

10 March 2020

HMRC has published a new online guide which is designed to assist employers in paying the National Minimum Wage (NMW) and the National Living Wage (NLW).

The guide is easy to navigate, and contains a wealth of useful information, particularly for new employers who may not have had to pay staff before. The guide confirms that, in addition to the fact that it is a criminal offence to pay someone below the NMW or NLW rate, eight out of ten people confirmed that they "would not use the services of a business if they found it paid less than National Minimum Wage". Companies not only have a legal obligation to ensure that they pay correctly but could also face having their reputation tarnished if they do not fulfil their NMW/ NLW duties and lose business as a direct result of this.

The guidance discusses which individuals are entitled to receive NMW / NLW but also confirms which workers are not eligible. There is detailed information relating to how to calculate the minimum wage for workers, with helpful examples relating to workers who are paid by the hour, where they are paid an annual salary, in scenarios where workers are paid by the task or piece completed, and calculations for those classed as 'other workers'.

Details surrounding how HMRC proceeds in instances where employers have not paid NMW are given. Underpaid arrears need to be paid immediately, and in certain circumstances, a fine will be issued and offenders risk being 'named and shamed' by the government. If the rates have increased since the underpayment took place, then employers will be required to pay the rate in operation at the time that the underpayment is identified.

A common error that employers make is incorporating certain pay elements for the purposes of calculating national minimum wage that cannot be included, and this guide confirms what is and what isn't classed as pay for the minimum wage. Some businesses also take deductions from worker's pay without realising that this reduces the minimum wage – there is a comprehensive of list of the deductions that do reduce minimum wage, along with those that do not.

CIPP comment

The CIPP welcomes the abundance of guidance that HMRC has made available to its customers in order to assist them in the correct calculation of NMW and NLW. It is commonly accepted that the associated legislation is somewhat complex and that a more educational focus needs to be established to ensure that employers who are actively trying to do the right thing are not penalised due to a lack of understanding. The CIPP would be interested in hearing from its members, as to whether the new guidance has been beneficial in furthering their understanding of NMW and NLW legislation. Please get in touch at Policy@cipp.org.uk. We look forward to hearing from you!

Back to ***Contents***

Government requests recommendations for National Living Wage and National Minimum Wage rates applicable from April 2021

13 March 2020

The government has published a new remit for the Low Pay Commission (LPC), and requests that it makes recommendations for the National Living Wage (NLW) and National Minimum Wage (NMW) rates that should take effect from April 2021.

The government has asked that the LPC return their recommendations by no later than October 2020, and has outlined the key areas for consideration when recommending the NLW and NMW rates for 2021.

The government has previously accepted the LPC's recommendations in full, and on 1 April 2020, NLW for those aged 25 and above will increase by 6.2% to £8.72 per hour, which meets the government's previous aim of reaching a NLW of 60% of median earnings by 2020. The objective is to extend NLW to apply to workers aged 23 and over from April 2021 and then to further its reach to encompass all workers aged 21 and over by no later than April 2024.

In the document, published by the Department for Business, Energy and Industrial Strategy (BEIS), it states that the government aims to make the UK to best place possible in which to live and work. The document asks that the LPC continues to monitor and evaluate the NLW, and to recommend the rate which should be utilised from April 2021, in

order to reach two-thirds of median earnings by 2024. The LPC will need to monitor the labour market closely and the impacts of the NLW, in order to advise on any associated risks, so that the government can review its target or its timeframe, or both. This will ensure that the lowest paid workers continue to receive the pay rises they deserve without it having a detrimental effect on their employment prospects. The government notes that the LPC will continue to commission minimum wage policy evaluations from expert researchers, and the government asks that it sets out its evidence strategy for ongoing monitoring and evaluation of the impact of the NLW increase towards the two-thirds median target.

The government has also asked that the LPC monitors and evaluates all the other NMW brackets, e.g. the rates for under 18s, for those aged 18-20, for individuals aged between 21 and 22, and finally, the apprentice rate, and to advise on the rates that should be paid to these groups from April 2021. The government asks that the rates are set as high as possible, without having negative effects on the employment prospects of each group.

The LPC has also been tasked with recommending the accommodation offset rate applicable from April 2021, and in doing so, the government has stated that it should consider the state of the economy, employment levels and relevant policy change.

Within the document, there is confirmation that the LPC intends to review whether or not the apprentice rate remains fit for purpose, as the government wants to ensure that the rate protects people from exploitation, but without damaging the apprenticeship opportunities available.

In response to the announcement by Chancellor, Rishi Sunak, that the LPC would be asked to make recommendations on the future of the NLW, the Chair of the LPC, Bryan Sanderson, said:

"We welcome the confirmation of our 2020 remit in today's Budget. The target for the National Living Wage to reach two-thirds of median earnings by 2024 is an ambitious one. We will need to listen closely to what employers and workers are telling us, and to very carefully assess the economic evidence in making our recommendations. The current concerns around the coronavirus only reinforce the importance of taking economic conditions into account.

We will be launching our written consultation in the coming days, to start the process of making recommendations on the 2021 minimum wage rates."

Back to ***Contents***

BEIS issues a bulletin relating to COVID-19 and National Minimum / National Living Wage

24 March 2020

The Department for Business, Energy and Industrial Strategy (BEIS) has issued a bulletin addressing the issue of coronavirus in relation to the National Minimum Wage (NMW) and the National Living Wage (NLW).

The bulletin confirms that, despite current circumstances, employers still have a responsibility to pay at least the NMW / NLW to workers, and that workers cannot forfeit their entitlement to the NMW / NLW. During this period, HMRC will continue to respond to the complaints of workers, and to protect workers' rights. HMRC aims to provide further education for employers and will still be asking employers to self-correct in appropriate circumstances.

The government has received questions relating to situations where workers are temporarily not working or having to work reduced hours, but where the employer wishes to continue paying them. The advice is that, if this is related to coronavirus, businesses investigate whether the Coronavirus Job Retention Scheme is applicable.

For employers considering pay advances or employer loans for their workers, the guidance given is as follows:

- Pay advances – Workers can be paid an advance of pay at any time. These arrangements should be recorded correctly, e.g. on payslips or written agreements between parties, to ensure that workers are paid at least minimum wage rates for any time that they do work. Future deductions from employee pay to recover the previous advance of pay, if clearly recorded, will not reduce a worker's pay for NMW / NLW purposes. Similarly, the advance or the loan does not count for NMW / NLW purposes in the period in which the money is paid to the worker. The worker still needs to be paid at NMW / NLW or above for the hours they have actually worked, even in pay periods in which they receive a loan or advance.

- Employer loans – If an employer loans an amount to a worker, any deductions linked to the repayment of this loan will not reduce the worker's minimum wage pay. Again, the crucial point is that any loans should be clearly documented.

There is guidance available on National Minimum Wage legislation at Gov.UK. The Advisory, Conciliation and Arbitration Service (ACAS) can also be contacted on 0300 123 1100, and they can give advice to both employers and workers. The HMRC Community Forum is another resource that can be used to ask questions in relation to NMW / NLW.

CIPP comment

The CIPP has been asked whether there will be a delay to the increase to the rates of National Minimum Wage and National Living Wage due to the economic uncertainty being caused by Coronavirus.

We have no reason to believe that any steps are being taken to reverse legislation however we have asked the question of BEIS and will update you with further news if we receive anything further.

Back to ***Contents***

Low Pay Commission consultation on the future of the National Living Wage and National Minimum Wage

26 March 2020

The Low Pay Commission (LPC) is the independent body responsible for advising the government on National Living Wage (NLW) and National Minimum Wage (NMW) levels, and has been tasked by the government with providing recommendations as to what rates should be in operation from April 2021. This information needs to be provided by October 2020. The LPC has launched a consultation to focus on the impact of recent increases to the NLW and NMW, to help to inform its recommendations for the NMW and NLW rates for 2021.

The consultation was published on 12 March 2020 and will close on 11:45pm on 4 June 2020 but the CIPP intends to submit a written response, on behalf of its members, before that point.

The target of reaching 60% of median earnings, as set by the government back in 2015, has been achieved due to the fact that the NLW will increase to £8.72 per hour from 1 April 2020. The government have fixed a new aim for the LPC, of increasing the NLW to two-thirds of median earnings by 2024, alongside expanding the reach of the NLW to those aged 23 and over by 2021 and further, to those aged 21 plus, from 2024.

The ambition for other NMW rates is that they will increase as much as is possible, without having a detrimental effect on employment.

The LPC wishes to collect evidence on the effects of the recent increases to NMW and NLW on both employers and workers, and further views on businesses conditions and the economic outlook. Coronavirus will undoubtedly be discussed in responses that are submitted this year.

The consultation asks about:

- Affordability and effects of an increase in April 2021 to a NLW rate of £9.21. This is the current central projection for next April's rate, with a likely range of 6 pence above or below this figure
- Views on the LPC's remit to 2024, involving a new NLW target of two-thirds of median earnings and lowering the NLW age threshold to 21. Based on forecasts, the current central projection for the April 2024 NLW rate is £10.69, with a likely range of 30 pence above or below this figure
- Views on potential changes to the Apprentice Rate and their effects in particular on younger (16-18 year old) apprentices

The LPC also wants to hear about any impacts that the recent increase to NLW and NMW levels have had on employment and hours, pay and benefits, productivity, prices and profits.

There is also a note that the programme of regional visits planned for 2020 has been suspended, due to the outbreak of coronavirus, but that the LPC will continue to work to fulfil its remit and to gather information on the economy and labour market.

CIPP comment

This is a topic that the CIPP are extremely interested in, and we will be submitting a written response to this consultation.

In order to collate the views and feedback of our members, we are currently investigating how a virtual thinktank would work and will be announcing details in due course. If you would like to participate, please don't hesitate to contact Samantha Mann at policy@cipp.org.uk.

Back to ***Contents***

The IFS asks – would a delay to the imminent increase to the Minimum Wage be wise?

27 March 2020

With thanks to the Institute for Fiscal Studies….

The observatory piece looks at the intended increases to the National Living Wage (NLW) from April 2020 and considers whether it would be sensible to delay the rise, in response to the current situation relating to coronavirus.

The article discusses the fact that the planned increase to NLW to £8.72 in April 2020 was decided in response to how the labour market looked back in October, which is clearly substantially different to how it looks now, due to the COVID-19 outbreak.

The Chancellor announced a raft of temporary increases to benefits designed to protect individual incomes during the current crisis, which are due to come into force in April, in line with when the NLW and NMW rates are due to increase. The IFS considers the costs that this will impose on employers and suggests that the rises are less desirable and there is a case for the planned increases to be delayed.

Working-age benefits have been cut significantly over the past five years, to meet the Conservative 2015 manifesto pledge to cut £12 billion off the annual benefits bill, alongside increases in minimum wages, especially for anyone aged 25 plus. The NLW rose by 15% between 2015-16 and 2019-20, from £7.24 per hour to £8.32 per hour), and the average Universal Credit entitlement in most working households fell by 19%. The increases to minimum wages do not offset the cuts to benefits, with different households targeted by the policies, and the overall size of welfare costs much bigger than the increase in net earnings afforded by the NLW. The minimum wage rises occurred in times when employment levels were high and increasing, so at the ideal point to introduce such large rises.

The increases to benefits include uplifting the basic allowances of Universal Credit and Working Tax Credit, covering more rent for private renters in Universal Credit and Housing Benefit, and suspending the 'minimum income floor', which can substantially reduce the Universal Credit entitlements for the low income self-employed. This will mean that the real average Universal Credit entitlement among working households will be back to the same level as it was in 2015-16. The IFS states that it is to be expected that a more extensive benefits system is in place now, as the government tries to protect families from financial deprivation resulting from Coronavirus-related job losses and the inability to work. Higher benefits serve to discourage work, but this is not a relevant issue now, as few employers are hiring and many workers are being told to self-isolate or need to look after their children.

As the reforms to benefits are implemented, the NLW is also set to increase by 5%, in real terms. The IFS proposes that it's more difficult to see the case for raising minimum wages in light of the current crisis. The government has also announced several policies that specifically aim to avoid massive job losses and business failure, and the IFS suggests that to increase employer costs via the increase to minimum wages has the potential to undercut these aims. The article considers whether the Low Pay Commission (LPC) would have recommended a NLW rate of £8.72 back in October had they known that the coronavirus outbreak would take place.

The IFS suggests that the government should postpone the upcoming rises until the crisis has ended, and that it should ask the LPC if there is potentially a case for a temporary cut to minimum wage rates to mirror the temporary increase in benefits. Minimum wage workers able to continue working would be affected negatively by this change but those in households in receipt of Universal Credit would be more than compensated by the increase to benefits, and the upcoming increase to National Insurance thresholds would reduce the extent to which minimum workers would see their take home pay fall between March and April.

The concluding statement is that the crisis strengthens the case for raising welfare benefits, which the government has already done, but weakens the case for increasing minimum wage rates.

CIPP comment

At the time of writing, the government has not made any announcements relating to NLW and NMW rates from April 2020, so the new rates should be implemented from 1 April 2020.

Back to ***Contents***

The National Minimum Wage in 2020

1 April 2020

The Low Pay Commission have published their uprating report for the National Minimum Wage rates for 2020.

The new rates will be effective for pay reference periods that begin on or after the 1 April 2020.

The Government have set a new target for NLW to achieve a rate of two thirds of median earnings by 2024 however, in their **report**, the Low Pay Commission (LPC) acknowledge the high level of uncertainty on the current state of the economy, due to the effects of the Covid-19 outbreak. As a result they have chosen not to publish an indicative path for the future National Living Wage rates up to 2024.

The LPC are keen to hear the experiences of workers and employers alike during their **consultation**

Bryan Sanderson, Chair of the Low Pay Commission, said:

"Many of the nation's key workers – in, for example, the care sector, agriculture, transport and retail – are low-paid, are continuing to work in very difficult conditions and will benefit from today's increase. At the same time, the Government has introduced a comprehensive package of support for employers to lessen the impacts of these extraordinary circumstances.

Under our new remit, the Government asks us to monitor the labour market and the impacts of the National Living Wage closely, advise on any emerging risks and - if the economic evidence warrants it – recommend that the government reviews its target or timeframe. This is what the Government refers to as the 'emergency brake'. The ongoing Covid-19 pandemic clearly represents a very challenging set of circumstances for workers and employers alike, and will require us to review whether the emergency brake is required when we next provide our advice to the Government. This advice will be crucially dependent as always on the economic data we receive."

Rates for pay reference periods that begin on or after 1 April 2020:

National Living wage	£8.72
21-24 Year Old Rate	£8.20
18-20 Year Old Rate	£6.45
16-17 Year Old Rate	£4.55
Apprentice Rate	£4.15
Accommodation Offset	£8.20

Back to ***Contents***

PAYE (Pay As You Earn)

Attachment of Earnings Orders (AEOs, DEAs)

The Enforcement of Fines and Other Penalties Regulations (Northern Ireland) 2018

21 May 2018

The Enforcement of Fines and Other Penalties Regulations (Northern Ireland) 2018 comes into operation on 1 June 2018. This mirrors changes brought in for England and Wales 2005/6 to allow for the recovery of fines through earnings following on from The Courts Act 2003.

The Justice (2016 Act) (Commencement No.2) Order (Northern Ireland) 2018 brings into operation a new provision in relation to the collection of fines and other penalties. New enforcement powers include deductions from benefits, attachment of earnings (AEO), bank account orders and vehicle seizure orders.

Although the Order states AEO's, the Regulations seem to be borrowing from the Direct Earnings Attachment (DEA) rules rather than the AEO rules for the recovery of fines. Also the DEA specifies tables for Daily, Weekly and Monthly rates, however the new AEO for Northern Ireland only specifies Weekly and Monthly.

We want to highlight the anomaly as when speaking to our software developer colleagues the new Order seems to mirror standard DEA logic for weekly and monthly. If a Great Britain DEA were applied then that would also mirror the calculation requirement for the AEO for Northern Ireland but only if DEA were applied to the payslip. It depends how your software is coded, some may restrict the name for an employee's payslip and some may be able to apply DEA to the payslip or a variation of DEA with other indications.

With an effective date of 1 June, there has been little notice provided, however the use of DEA capabilities could cover the requirement.

Back to ***Contents***

The Diligence against Earnings (Variation) (Scotland) Regulations 2018

13 November 2018

The Diligence against Earnings (Variation) (Scotland) Regulations 2018 have been laid before Parliament and changes to the rate of deductions are due to come into force from 6 April 2019.

A review of the Diligence against Earnings Regulations was conducted earlier this year. By the Accountancy in Bankruptcy. This has resulted in The Diligence against Earnings (Variation) (Scotland) Regulations 2018 being laid in Parliament.

The Debtor Scotland Act 1987, Schedule 2, sets out the amount that can be deducted from a debtor's wages in an earnings arrestment. An earnings arrestment is when a debtor's employer receives an instruction to deduct an amount from an employee's wages and pays it direct to their creditors.

Ministers gave an undertaking to review the tables every three years.

The deduction tables will be amended (reproduced below) with effect from 6 April 2019

Table A: Deductions from Weekly Earnings

Net Earnings	Deduction*
Not exceeding £122.28	Nil

Exceeding £122.28 but not exceeding £442.00	£4.00 or 19% of earnings exceeding £122.28, whichever is the greater
Exceeding £442.00 but not exceeding £664.50	£60.75 plus 23% of earnings exceeding £442.00
Exceeding £664.50	£111.92 plus 50% of earnings exceeding £664.50

Table B: Deductions from Monthly Earnings

Net Earnings	*Deduction**
Not exceeding £529.90	Nil
Exceeding £529.90 but not exceeding £1,915.32	£15.00 or 19% of earnings exceeding £529.90, whichever is the greater
Exceeding £1,915.32 but not exceeding £2,879.52	£263.23 plus 23% of earnings exceeding £1,915.32
Exceeding £2,879.52	£485.00 plus 50% of earnings exceeding £2,879.52

Table C: Deductions from Daily Earnings

Net Earnings	*Deduction**
Not exceeding £17.42	Nil
Exceeding £17.42 but not exceeding £62.97	£0.50 or 19% of earnings exceeding £17.42, whichever is the greater
Exceeding £62.97 but not exceeding £94.67	£8.65 plus 23% of earnings exceeding £62.97
Exceeding £94.67	£15.95 plus 50% of earnings exceeding £94.67

**When applying a percentage the calculation should be done to two decimal places of a penny and the result rounded to the nearest whole penny, with an exact half penny being rounded down.*

This change also alters the protected minimum balance in bank arrestments. The protected minimum balance sets out a minimum amount which is protected from arrestment and provides important protection for those who may have their bank account arrested. The protected minimum balance will increase from £494.01 to £529.90.

Geographical extent: Scotland

Back to ***Contents***

Council tax pilot to recover debts direct from workers' wages

9 July 2019

A pilot scheme has been introduced which will use information sharing powers to recover unpaid council tax debt directly from earnings. The pilot will affect individuals in 29 different council areas in England.

CIPP comment
information sharing powers were introduced by the Digital Economy Act (2017) where disclosure of information is allowed to reduce debt owed to the public sector.

The government is seeking to help manage debts owed to the public sector more effectively. The Digital Economy Act creates a new gateway enabling information to be shared between specified persons, listed in a Schedule on the face of the Act, in relation to debt owed to public authorities or the Crown. This is with a view to improving efficiency in dealing with debt owed to the public sector, and using effective data-sharing to get a more informed view of a customer's individual circumstances and their ability to pay.

Each proposed data-sharing arrangement under this power will be subject to a pilot process which will be set out in a statutory code of practice to measure the effectiveness of the information-sharing.

Birmingham City Council is taking part in the trial working with HMRC to be among the first to use the debt information sharing powers introduced by the Digital Economy Act (2017).

During this trial non-paying customers who are employed or have an income will be contacted to start paying their arrears, or they will face having their debt deducted directly from their earnings through their employer.

Citizens Advice has responded to the scheme raising concerns that the council tax collection practices must not leave people with too little to live on.

Council tax arrears is the most common debt problem Citizens Advice helps people with. In 2018 its local services around England and Wales helped more than 96,000 people struggling to make their council tax payments.

The national charity estimates over £560 million in fees were added to people's council tax debt in 2016/17 alone. This includes £300 million of bailiff fees, some of which have to be paid by the person in debt before any council tax arrears can be recovered by the local authority.

Back to ***Contents***

Council tax pilot to recover debts direct from workers' wages

16 July 2019

Last week we published a news item relating to an announcement by the Financial Times about a pilot scheme affecting some local authorities in England which will use information sharing powers to recover unpaid council tax debt directly from earnings.

Given the limited information that was published by the Financial Times, we do not know what the mechanism for these deductions will be and what the process for notification will be, e.g. CTAEO or another type of notification.

We asked HMRC if they could provide any detail. What they did confirm is that a degree of coordination was provided by Cabinet Office and HMRC were involved to ensure data was shared and used legally. However, the pilot is not HMRC led. Local authorities have lines to take for queries and know not to direct anyone back to HMRC.

The CIPP are trying to find out further information from the Local Authorities involved and will update you as and when we can.

We appreciate not everyone will have been able to access the article from the Financial Times, so for information, below is the complete text:

*"**Councils look to take unpaid tax from debtors' wages** – FT, p3*

The government is considering allowing local authorities to deduct unpaid council tax debts directly from people's wages, in a move that could shore up councils' finances and reduce their reliance on bailiffs.

A trial scheme involving 4,000 people in arrears across 29 districts will begin on July 8, with Britain's tax authority providing councils with the debtors' employment information.

It comes after local authorities were criticised by MPs and debt charities for using bailiffs to collect council tax arrears from millions of homes.

Council executives say that if the programme is rolled out nationwide it will dramatically reduce the need to employ bailiffs, whose fees and charges can increase a missed council tax payment by more than 1,200 per cent, disproportionately affecting those on low incomes.

But some debt charities are concerned that, with many Britons sinking into arrears to pay household bills, income deductions to cover council tax debt will worsen the financial distress of those who were unable to pay.

"If the reason why people aren't paying is because of far wider financial problems, then it may actually worsen or exacerbate that situation," said Sue Anderson, a spokesman for Debt Charity Stepchange.

Local authorities are currently the biggest employers of bailiffs but their use has been criticised because of the high costs, as well as the aggressive tactics debt campaigners say some bailiffs use.

Grants to councils have fallen sharply since the implementation of the government's austerity programme in 2010, and local authorities have become increasingly reliant on council tax, with many unable to balance their books. A third of local authorities have said they will run out of money for statutory services by 2022.

Barrie Minney, chairman of the Local Authority Civil Enforcement Forum, which represents councils' debt enforcement teams, argued the new plan to take council tax debts out of people's earnings would help people on low incomes. "When we looked at the 4,000 debtors in the pilot project, we found that a good number of them are on low incomes or in gig economy jobs," he said. "Those are the people we never wanted to send the bailiffs round to."

Local authorities already have the legal power to deduct money from earnings, but until now they have been unable to access information about where debtors work. In the trial, this will be provided by HMRC.

Britain's lowest-income households were exempt from council tax until 2014, when the law changed to allow local authorities to levy a discounted rate on their poorest residents. This brought 1.4m households into the council tax net, but around a quarter of these new payers have fallen behind on their payments, according to the Institute for Fiscal Studies.

According to Citizens Advice, the average person who approaches the charity over problems with council tax payments has just £14 of monthly disposable income.

Barrie Strain, acting head of revenues at Coventry City Council, which is participating in the pilot project, said that his authority hoped it would now greatly reduce its reliance on bailiffs; at present it uses them on 12,000 cases a year. If the pilot became national practice, he said "it won't drive bailiffs out of business, but I hope it will reduce the amount of council business they get to deal with"

Back to ***Contents***

Council tax pilot to recover debts direct from workers' wages

26 July 2019

We recently told you about a pilot scheme affecting some local authorities in England who are using information sharing powers to recover unpaid council tax debt directly from earnings.

Although we knew that this was a Cabinet Office pilot involving the sharing of HMRC data, detailed information has been scarce and there has been much industry speculation about the project and the implications it will have for payroll and payroll software providers.

Since our initial reports, representatives from the CIPP and ICAEW were invited to discuss this pilot with Cabinet Office representatives and we are now able to share details about the project.

The Digital Economy Act (2017) allows permissive data sharing between specified public authorities for the purpose of managing and reducing debt. Currently councils can only use data supplied by the resident to recover their debts. In this pilot, 29 councils are able to obtain HMRC employer and self-assessment data for a sample of residents who have not paid their council tax.

The pilot only affects people who have not paid their council tax for 2018-19 or earlier years and the council has obtained a Liability Order from the Magistrates Court. Each council in the pilot will supply HMRC with a title, forename, initial or middle name, surname, debt address or contact address for around 4,000 debtors to obtain employment and self-assessment information. HMRC will use the council supplied information and compare those details against their

internal records. Where there is an exact match with the first name and surname and either debt or contact address, HMRC will provide requested details back to the council. Where the data is matched, the council will contact the individuals concerned to decide how best to recover the debt. It may be that the council decides to raise a Council Tax Attachment of Earnings Order (CTAEO) in order to enforce the payment of Council Tax against employed debtors.

Whilst it is likely that there will be an increase in the number of CTAEOs issued in pilot areas, this is the only change that payroll practitioners are expected to face. There are no new fields required on RTI submissions and this pilot does not involve the creation of a new type of AEO.

The pilot will run for one year, after which time it will be evaluated and a report produced for the Review Board and Minister for the Constitution. Factors determining whether the pilot is a success could include:

- Amount of council tax debt recovered in an affordable and sustainable way
- Increase in the number of vulnerable customers identified
- A reduction in the use of enforcement agents

If the pilot is successful, a national solution for all England and Welsh councils may be developed.

The CIPP is keen to understand whether payroll practitioners in the pilot areas experience an increase in the number of CTAEOs received and whether they experience any additional administrative burden if that proves to be the case. We will be liaising with the Cabinet Office to ensure this area is explored.

Back to ***Contents***

Expat News

The timeliness of HMRC Expat processes

5 August

During the recent meeting of the Expat forum a concern was raised regarding the challenge of being able to obtain a code NT of S690 directions in a timely manner.

This concern has been looked in to and the following information has been circulated to provide greater clarity as to the processes that can be expected from HMRC by employers, individual tax payers and/or their agents to overcome the practical challenge of being able to obtain NT codes and S690 directions in time.

Form P85 can be submitted online or by post and enables an individual to claim tax relief or a repayment of tax where they have:

- lived and worked in the UK
- have left the UK and may not be coming back, or are going to work abroad full-time for at least 1 full tax year

This form should not be completed where the individual normally lives in the UK and is only going abroad for a short period.

Guidance is also available to support employers, agents or individuals to apply for an NT tax code or a S690 direction. Applications can be made online or by post on a paper submission to:

Self Assessment
HM Revenue and Customs
BX9 1AS

Using the online route will usually see requests turned around within 7 working days. The paper requests are turned around within 15 working days.

Requests need to be made in good time to allow HMRC to process them in order to avoid any issues with double taxation.

CIPP comment
We would be interested to hear of your experiences in applying for any of these forms and particularly if you have chosen to write to HMRC to apply rather than submit a P85 and not received a response. Where this has occurred in the last 3 months please contact Samantha Mann, CIPP senior policy and research officer at policy. HMRC are keen to investigate claims that this has happened recently.

Back to ***Contents***

Joint Forum on Expatriate Tax and National Insurance contributions

8 August 2019

The minutes of the 9 July 2019 Joint Forum on Expatriate Tax and National Insurance Contributions are available to view on gov.uk.

The minutes are available on the home page of the Joint Forum of Expatriate Tax and NICs which is a sub group of the Employment and Payroll group. The Joint Forum is a partnership between HMRC, employers and professional and payroll advisers that aims to improve liaison between HMRC and its customers and the operation of the tax and NICs system for all international secondments of labour, both inbound and outbound.

The forum aims to:

- discuss in advance, where possible, all proposed technical, compliance and operational changes across HMRC that affect inbound expatriates
- identify and propose solutions to problems arising from such changes
- discuss issues raised by either side about the operation of the current system in HMRC concerning inbound expatriates, and to identify and implement improvements
- clarify HMRC's technical, compliance and operational positions that impact day-to-day business operations for the inbound expatriate customer
- understand how HMRC can engage successfully with our inbound expatriate customers to improve our service. The intention is to resolve issues wherever possible

If you have any issues that you would like to put forward for the agenda of the next meeting of the Joint Expatriate Forum in December, please send by email to policy.

Back to ***Contents***

General PAYE News

The FPS replaces the Earlier Year Update

25 March 2019

From April 2020 the Earlier Year Update (EYU), a process that was introduced as part of Real Time Information (RTI), is to be replaced with a Year to Date (YTD) FPS – something that has been called for since RTI was rolled out.

The EYU enables employers to make corrections after the 19th April, by allowing them to report the delta amounts required that correct figures submitted during the previous tax year – along similar lines to the process previously used when a P14 correction was required.

Unlike P14's however this hasn't proven to be useful in all instances where HMRC and the employer fail to reconcile year end amounts. In this instance an EYU make be necessary – but what amounts should be reported where both the employer and HMRC believe that 'their records' are correct?

By enabling the submission of a YTD FPS, the reporting of year to date totals should remove the uncertainty that prevailed with EYU's.

During 2019/2020 employers will also be able to submit a YTD FPS where their payroll software has been enabled, equally during this year the EYU can continue to be submitted.

The Software Data Support Team (SDST) has issued an update to software developers, ahead of an update being published in the Employer Bulletin, that seeks to answer some of the more frequently asked questions by the software developer community.

Late reporting reason

The Late Reporting Reason H should be used on all YTD FPS submissions which correct earlier payroll data.

This aims to bring the process in line with submissions received on or before 19th April.

The payment date that should be shown

The format of the FPS isn't changing and should be completed to include the latest payroll information. I.e. payment date, monetary values; leaving date etc. As the FPS will be an adjustment to the pay in that tax year the payment date should be equal to, or later than, the last payment date reported in that year to ensure our records are updated.

'For example:

a) *An individual is in employment all year and the final FPS for the year is submitted on 30 March 2019, with a payment date of 30 March 2019*
b) *It is then identified in June 2019 that an error occurred in their Month 11 FPS. The FPS should include the final pay date of 30 March 2019 (as the latest pay date in that tax year) and amended monetary values*

Erroneous or generic dates such as 5 April should not be manufactured as this could cause further issues with the integrity of the data on the individual record.'

Earlier Years

The new process will allow for corrections to the 2018-19 tax year and future years. An EYU will still be needed for years 2013-14 through to 2017-18 and as each of these years becomes out of date, the need for an EYU will reduce.

2013/14 to 2017/18 (inclusive) - EYU must be used
2018/19 - an EYU or a FPS depending upon software product used
2019/20 onwards – an FPS must be used

What option does your payroll software offer in 2019/20?

At this time of the year new tax year updates will be issued, if not by now then very soon. It remains as important as ever to make time to read and absorb any changes that have been made so that you understand what your payroll

software is offering in 2019/2020 for reporting corrections to the 2018/19 tax year. If, after reading the information provided by your payroll software provider, you are not clear, and in the event that you need to report a correction, seek clarification from them in the first instance.

CIPP comment
This improvement to RTI processes has been lobbied for since RTI was first being developed and so the CIPP policy team see this as a beneficial step – not a panacea for all that ails the PAYE process but certainly a step in the right direction for helping employers and their software providers, where reconciliation or corrections are needed. As with any change we value hearing from you about your experiences, please contact Samantha Mann CIPP senior policy and research officer at policy if you have any comments and experience that you wish to share.

Back to ***Contents***

Agricultural Wages in England, Scotland, Wales and Northern Ireland

2 April 2019

Changes to rates for agricultural wages come into force on 1 April 2019.

There are different rules for agricultural workers in England, Wales, Northern Ireland and Scotland; full details can be found on GOV.UK .

The changes to rates for agricultural wages which come into force on 1 April 2019 are detailed through the links below.

England
Agricultural workers in England must be paid at least the National Minimum Wage. Workers employed before the rules changed on 1 October 2013 still have the right to the Agricultural Minimum Wage if it says so in their contract.

Scotland
The Agricultural Wages (Scotland) Order (No.66) 2019
Agricultural workers in Scotland must be paid at least the National Minimum Wage.

Wales
The Agricultural Wages (Wales) Order 2019
Agricultural workers in Wales must be paid at least the Agricultural Minimum Wage or the National Minimum Wage if that's higher.

Northern Ireland
Minimum rates of agricultural pay determined by the Agricultural Wages Board for Northern Ireland (AWB)

Back to ***Contents***

Manually calculate deductions due on the loan charge

5 April 2019

HMRC has published guidance on how to manually calculate the Income Tax, National Insurance and student loan deductions due on the disguised remuneration loan charge.

The loan charge arises on 5 April 2019 in the final pay period of 2019.

When you report your employee's outstanding disguised remuneration loan balance you may need to use HMRC's Basic PAYE Tools (BPT) to send an Earlier Year Update (EYU) submission.

You'll need to calculate the tax, National Insurance and student loan deductions due. If your current payroll software product cannot perform these calculations for you, you'll need to use the manual tax, National Insurance contributions and student loan tables.

For full details see the new guidance from HMRC on how to manually calculate deductions due on the loan charge.

Back to ***Contents***

Reporting payroll when your normal payday falls on a non-banking day

4 April 2019

Ahead of the next issue of the Employer Bulletin, HMRC has shared a useful article about what to do when normal paydays fall on non-banking days, for example the upcoming Easter bank holidays.

Reporting payroll when your normal payday falls on a non-banking day

The date you pay your employees will usually be agreed when they begin working for you. Typically, this could be at the end of a calendar month or on Friday each week.

It is essential that you report when you pay your employees on time and use the right payment date when doing so. Remember if you use an incorrect payment date, this could impact on your employees' financial situation, including any income related benefits, such as Universal Credit, so it is important that you send accurate reports to HMRC on time or as soon as you able to do so.

However, there may be occasions, when you pay your employees at a different time and not on the agreed day or date. This can arise when the regular payment date falls on a non-banking day (i.e. on a Saturday or Sunday or on a Bank Holiday).

If so, a payment reporting easement applies to ensure that this payment is treated correctly for tax purposes. The date you should enter on your Full Payment Submission (FPS) will depend on when you actually pay your employees and whether this is earlier or later than their normal payday.

Easter 2019
You may not be able to pay your employees on their regular payday during the Easter Holidays in April this year as there will be four consecutive non-banking days (19 April to 22 April 2019 inclusive).
If you would normally have paid your employees on any one of those dates, but instead will pay them early on the last working day before the Bank Holidays; then you must report your normal pay date on your FPS, for example:

Paying early
When a regular payday falls on a non-banking day, but payment is made on the last working day before the regular payday.

Regular date of Payment	Non-Banking Date	Actual date of Payment (or earlier*)	Payment date you use on your FPS
19 April 2019	19 April 2019	18 April 2019	19 April 2019
20 April 2019	20 April 2019	18 April 2019	20 April 2019
21 April 2019	21 April 2019	18 April 2019	21 April 2019
22 April 2019	22 April 2019	18 April 2019	22 April 2019

*Remember you can report these payments early in advance of the actual payment date, but we recommend you don't submit your FPS too early – as you might need to correct it if information changes, for example an employee leaves or there is a change in an employee's tax code.

Paying late
If you decide to pay your employees on the first working day after the Easter Holidays – then you should report the payment on your FPS as if it has been paid on the regular payment day/date. .
So, for example:

Regular date of Payment	Actual date of Payment (or later*)	Payment date for FPS reporting purposes
19 April 2019	23 April 2019	19 April 2019 *
20 April 2019	23 April 2019	20 April 2019 *
21 April 2019	23 April 2019	21 April 2019 *
22 April 2019	23 April 2019	22 April 2019 *

*We would recommend you send us your payroll submission early in these circumstances, but if you do send your FPS on a later date than the regular payment dates you must select “Late reporting reason code G”

All other payments you make on regular paydays that fall on banking days and the deductions due must be reported on or before the date of payment to your employees. There is more information at running payroll.

Back to ***Contents***

Updates for the new tax year on GOV.UK

9 April 2019

Several updates have been made to PAYE guidance to reflect changes for the new tax year.

Rates and allowances for Income Tax

Starter checklist for PAYE

Use Basic PAYE Tools to tell HMRC when an employee leaves

Ask HMRC to transfer surplus Income Tax allowances

PAYE: car provided to employee for private use (P46(Car))

Sending car data to HMRC: payrolling car benefit and car fuel benefit

How to complete forms P11D and P11D(b)

PAYE: end-of-year expenses and benefits (P11D)

PAYE: end-of-year expenses and benefits (P11D(b))

PAYE: end-of-year expenses and benefits (online form)

PAYE: living accommodation (P11D WS1)

PAYE: car and car fuel benefit (P11D WS2 and WS2b)

PAYE: private use of company van (P11D WS3)

PAYE: interest free and low interest loans (P11D WS4)

PAYE: mileage allowance payments not taxed at source (P11D WS6)

PAYE: relocation costs (P11D WS5)

Work out your employee's Statutory Sick Pay

Statutory Maternity Pay: manually calculate your employee's payments

Statutory Paternity Pay: manually calculate your employee’s payments

Statutory Adoption Pay: manually calculate your employee's payments

Student Loan and Postgraduate Loan repayments: guidance for employers

PAYE: Employer Annual Return election (P350)

Information requirements for pension schemes

Pension schemes: registered pension schemes relief at source interim claims (APSS 105)

Use relief at source to reclaim tax relief given to your pension scheme members

Pension schemes: registered pension schemes relief at source interim claims (APSS 105)

Pension schemes: registered pension schemes relief at source annual claims (APSS 106)

Protect your pension lifetime allowance

CIPP comment
This list is not exhaustive, and we will continue to publish relevant updates as and when they become available.

If members see any information that is incorrect, we would urge you to please report this using one of two options.

- *The first is to respond to the 'Is there anything wrong with this page?' link which can be found at the bottom left of each page. When selected, it has two boxes, one asks 'What were you doing'? The other asks 'What went wrong'? This is anonymous but provides an instant report in to GDS who review feedback and, we are assured that subject to quantity of feedback, will take action to correct.*

- *The second is to provide feedback via the 'Contact section' which is found at the bottom of each page and gives you the opportunity to feedback a greater level of information and provide your contact details for a reply. To receive direct feedback you will need to provide an email address.*

Please keep your comments and feedback coming to the CIPP Policy & Research Team at policy or via the CIPP Advisory Service on 0121 712 1099.

Back to ***Contents***

Payslip changes from 6 April 2019

10 April 2019

This is the month that important changes to the Employment Rights Act 1996 come into effect regarding payslip information for pay periods beginning on or after 6 April 2019 and for workers who now have the statutory entitlement to receive a payslip.

The Employment Rights Act 1996 (Itemised Pay Statement) (Amendment) Order 2018 requires employers to show on the payslip the number of hours worked by the employee for which they are being paid, but only in situations where the employee's pay varies as a consequence of the time worked during the pay reference period.

The Amendment states:

"…where the amount of wages or salary varies by reference to time worked, the total number of hours worked in respect of the variable amount of wages or salary either as

(i) a single aggregate figure, or

(ii) separate figures for different types of work or different rates of pay."

The amendments made by this Order do not apply in relation to wages or salary paid in respect of a period of work which commences before 6 April 2019.

Guidance
Back in December the Department for Business, Energy and Industrial Strategy (BEIS) published a small guide to help provide clarification on what actions employers will need to take regarding their payslips for pay periods beginning on or after 6 April 2019.

The minimal guidance runs to 7 pages and includes a small number of examples that aim to demonstrate the simplistic approach intended by this legislation.

CIPP comment
We said at the time that we were disappointed that the guidance does not include more of the detailed, complex scenarios cited by stakeholders, and we voiced our fear this will lead to confusion amongst employers.

And it unfortunately has – an example being that the guidance states that for hours paid, "it should be clear which pay period they were worked in".

We have had feedback from members as there does not appear to be any current payroll software which will let you put on periods in which hours were worked.

There is no requirement in the legislation to indicate when the hours were worked, it is only the guidance that mentions this and it would seem that there is no practical way to implement this element.

We continue to be in discussions with BEIS regarding the detail of its guidance and the issues being experienced by employers and payroll professionals

We welcome any comments to policy via email to contribute to our deliberations.

Payslip for all workers
A second piece of legislation came into effect on 6 April 2019 - The Employment Rights Act 1996 (Itemised Pay Statement) (Amendment) (No. 2) Order 2018. This extends the right to receive an itemised pay statement (or "payslip") to all workers, and not just 'employees'.

This corrects the current situation whereby those at work classified as 'employees' have a statutory entitlement to receive a payslip, while those classified as 'workers' who are not employees, do not. The aim is to increase transparency between employer and worker.

Back to ***Contents***

Updates made to Basic PAYE Tools

11 April 2019

Further updates for the 2019-20 tax year have been made to HMRC's Basic PAYE Tools.

Send an Earlier Year Update using Basic PAYE Tools with other software
This guide will help you send an Earlier Year Update using Basic PAYE Tools (BPT). It includes examples of the screens you will see in BPT and simple to follow instructions.

Send an Employer Payment Summary using Basic PAYE Tools
This guide details how to send an Employer Payment Summary (EPS) using Basic PAYE Tools, including examples of the screens you will see and simple to follow instructions.

Use Basic PAYE Tools to tell HMRC when an employee leaves

This guide will help you update BPT, when an employee leaves. It includes examples of the screens you will see in BPT and simple to follow instructions.

Back to ***Contents***

Expenses and Benefits Toolkit for Agents

12 April 2019

HMRC has updated the Agent toolkit for 'Expenses and benefits from employment' for employer end of year forms 2018-19 and for record keeping 2019-20.

The Expenses and benefits from employment toolkit is to help if you're a tax agent or adviser who has clients with employer's end of year forms – including P11D, P11D(b) and P9D for (2015-16 and earlier years).

The toolkit may also be of use to employers or anyone who is completing these forms. It may also be of use to tax agents and advisers who do not complete their clients' end of year employer forms but wish to use it as a source of reference when advising their clients on expenses and benefits from employment matters.

Back to ***Contents***

Basic PAYE Tools – New Release

12 April 2019

If you use HMRC's Basic PAYE Tools, it is important that you have updated to the latest version for the 2019-20 tax year.

An update to the Basic PAYE Tools (BPT) was released at the end of March to support 2019 to 2020. Version 19.0.19063.1355 is the latest.

To update or check for updates you should select "Check now" in the update section of settings in the top right hand corner of the tool. It is also recommended that you should set the automatic update to "yes".

New customers can download BPT from where you will also find comprehensive help on installing this software

Back to ***Contents***

Businesses urged to plan ahead to avoid delays to Easter payments

15 April 2019

With Easter 2019 just around the corner, Pay.UK – the leading retail payments authority behind Direct Debit and Bacs Direct Credit – is urging business owners to plan ahead if they are to avoid missing payments to staff and suppliers over the long Easter Bank Holiday weekend.

Both Good Friday (19 April) and Easter Monday (22 April) are Bank Holidays and are classed as non-processing days so any payments must be scheduled to take these non-processing days into account.

For example, if any Direct Debits or Bacs Direct Credit payments are to arrive ahead of the Easter Break, then the last day payments can be made is Thursday 18 April. This means that the processing cycle must begin by Tuesday 16 April.

Similarly, if business owners want payments to be made on the first working day after Easter Monday, then the latest submission date for Bacs payments is Wednesday 17 April.

There are two more Bank Holidays following hard-on-the-heels of Easter – the first on Monday 6 May 2019 and the second on Monday 27 May.

Business owners should check with the Bacs processing calendar to ensure that they are fully aware of the critical payment dates.

Back to ***Contents***

The impact of bank holidays on reporting deadlines

16 April 2019

As the Easter weekend approaches, which for some will see a long weekend being enjoyed, for others it will provide challenges due to the impact that a non-banking day will have on the day in which wage and salary payments are made to employees and reported to HMRC.

In 2019 Good Friday falls on 19 April with Easter Monday being 22 April. For many, particularly those who work in retail, hospitality and care sectors, these remain working days, however they are not banking days and so payments will likely be made on different days to counter this.

The April edition of the Employer Bulletin provides a reminder of the impact this could have when making a Full Payment Submission (FPS).

'Reporting payroll when your normal payday falls on a non-banking day

The date you pay your employees will usually be agreed when they begin working for you. Typically, this could be at the end of a calendar month or on Friday each week.

It is essential that you report when you pay your employees on time and use the right payment date when doing so. Remember if you use an incorrect payment date, this could impact on your employees' financial situation, including any income related benefits, such as Universal Credit, so it is important that you send accurate reports to HMRC on time or as soon as you able to do so.

However, there may be occasions, when you pay your employees at a different time and not on the agreed day or date. This can arise when the regular payment date falls on a non-banking day (i.e. on a Saturday or Sunday or on a Bank Holiday).

If so, a payment reporting easement applies to ensure that this payment is treated correctly for tax purposes. The date you should enter on your Full Payment Submission (FPS) will depend on when you actually pay your employees and whether this is earlier or later than their normal payday.

Easter 2019

You may not be able to pay your employees on their regular payday during the Easter Holidays in April this year as there will be four consecutive non-banking days (19 April to 22 April 2019 inclusive).

If you would normally have paid your employees on any one of those dates, but instead will pay them early on the last working day before the Bank Holidays; then you must report your normal pay date on your FPS, for example:

Paying early

When a regular payday falls on a non-banking day, but payment is made on the last working day before the regular payday.

Regular date of payment	Non-banking date	Actual date of payment (or earlier*)	Payment date you use on your FPS
19 April 2019	19 April 2019	18 April 2019	19 April 2019

20 April 2019	20 April 2019	18 April 2019	20 April 2019
21 April 2019	21 April 2019	18 April 2019	21 April 2019
22 April 2019	22 April 2019	18 April 2019	22 April 2019

Remember you can report these payments early in advance of the actual payment date, but we [HMRC] recommend you don't submit your FPS too early – as you might need to correct it if information changes, for example an employee leaves or there is a change in an employee's tax code.

All other payments you make on regular paydays that fall on banking days and the deductions due must be reported on or before the date of payment to your employees.'

The Employer Bulletin also details the dates to use when making payments later rather than earlier and the article can be read in full at GOV.UK.

Back to ***Contents***

Basic PAYE Tools: how to use with Linux operating systems

13 May 2019

A revised version of the guidance for running HMRC's Basic PAYE Tools on a Linux operating system has been published.

If you are having problems running Basic PAYE Tools on a Linux operating system, this guide will help you to install the files.
The guide has been updated to version 19.0, including updates to the Linux software code and information about when an error occurs when running the installer.

Back to ***Contents***

Use software to send Income Tax updates

15 May 2019

Due to scheduled maintenance you will be unable to use this service on Thursday 16 May 2019 from 10pm to midnight.

During the maintenance period you will be unable to:

- Submit your income tax return
- View estimated tax due for income tax
- View reporting deadlines for income tax

This issue was reported on HMRC's 'Use software to send Income Tax updates: service availability and issues' webpage.

Back to ***Contents***

Welsh workers pay Scottish income tax in payment mix-up

16 May 2019

BBC News has reported that a number of workers in Wales have paid the wrong amount of income tax after Scottish rates were applied instead.

According to the report it isn't known exactly how many workers have been affected by the mistake.

Apparently HMRC has said that the error was down to employers entering an S code for Scotland, which means some paid too much tax and others not enough, due to the divergence in rates and thresholds.

There is very little detail in the report which says that a statement by HMRC said:

"We have been made aware of an error in the application of new income tax codes for Welsh taxpayers by some employers which has meant some taxpayers paid the incorrect amount of tax in April."

On Tuesday 14 May the CIPP and other stakeholders were informed by HMRC's Software Developers Support Team (SDST) that a small number of employers had been identified as not operating PAYE correctly for their Welsh employees.

Specific to payroll software developers, we were told that the issues identified so far include:

- Welsh employees being reported on an FPS with no C prefix within @TaxRegime.
- Welsh employees being reported on an FPS with an S prefix within @TaxRegime. The S prefix should only be used for individuals liable to Scottish income tax.

Back to ***Contents***

Approved agencies for Payroll Giving

21 May 2019

HMRC holds a list of approved organisations that can help you to promote Payroll Giving in the workplace. The list has recently been updated.

Whether using a professional fundraising organisation, staff champions or a chosen charity, the list of Approved agencies for Payroll Giving can help.

The list does not include all approved Payroll Giving agencies, only those that ask to be included. Some agencies restrict services to particular employers and do not take on other employers.

Approved agencies that are not listed will be able to produce a letter of approval from HMRC if required by employers.

Back to ***Contents***

Missing XPO workers' pension contributions

22 May 2019

The pension contributions of some XPO Logistics UK employees are not being credited to their pension 'pots', a problem that has arisen since the company moved to a new payroll provider.

The possibility of strike action into why the pension contributions of some XPO Logistics UK employees are not being credited to their pension 'pots' has been threatened by Unite the Union.

Unite national officer Matt Draper said:

"We know that three times in the last nine months some people have had their pension contributions deducted, but the monies have not been credited to their pension 'pots'…

We understand that these problems have arisen since the company moved to a new payroll provider - we are calling for top executives to instigate a vigorous investigation into this imbroglio.

We don't know how many of our nearly 3,000 members in UK have been affected – but one is too many."

Apparently, members' discontent is rising and there have been calls for industrial action ballots across XPO's sites if the company can't resolve this issue quickly.

At the annual meeting in New York, XPO executives said they are working with anyone affected and aiming to stop this reoccurring.

Matt Draper also pointed out that this is becoming a matter of trust and could lead to reputational damage for this global logistical giant which operates in 32 countries with 100,000 employees.

Back to ***Contents***

HMRC responds to issues with Welsh income tax codes

16 May 2019

In response to the issues identified where some Welsh taxpayers were reported with an 'S' prefix tax code instead of 'C', Jim Harra, HMRC's Second Permanent Secretary, has written a letter to the Welsh Finance Committee.

"As you know, Welsh taxpayer status is determined by residency. Identification of Welsh taxpayers starts from postcode information. If a HMRC customer lives in a Welsh postcode, as determined by Office of National Statistics postcode data, they will be flagged on our systems as a Welsh taxpayer. We have learned lessons from the devolution of income tax to Scotland in identification and assurance of taxpayers, and we are confident we have a robust approach.

When a customer is identified as a Welsh taxpayer on HMRC's systems they are given a 'C' code. HMRC then issues tax codes to employers for them to make the relevant deductions on their employees' behalf. It is therefore important both that the correct code is issued and that it is correctly applied by the employer.

We are confident that HMRC sent correct 'C' codes to employers for Welsh taxpayers. It is possible that some taxpayers resident in Wales have not yet received a 'C' code, where they have only recently moved to Wales or where they have not updated their address details with HMRC. This will always be true for new Welsh taxpayers and HMRC systems will pick them up and apply the correct code as soon as possible.

However, we have been made aware that some employers have not correctly applied the 'C' codes that HMRC has provided. HMRC has engaged with extensively employers and payroll software providers throughout preparations for the introduction of Welsh rates of income tax (WRIT), using our established communication channels and bespoke presentations. We provided technical specifications and test services to ensure employers and payroll software providers had all the information they needed.

Our experience from the introduction of the Scottish rate of Income Tax was that some employers did not initially operate the S-code correctly. We therefore put plans for further mitigation activity in place for WRIT, which include running a scan in early June to test how well employers are applying the 'C' codes issued to them by HMRC. Where there is a discrepancy between the code issued by HMRC and the code applied by the employer, HMRC will re-issue the 'C' code to the employer. This mitigation was discussed and agreed at the WRIT Project Board, which includes colleagues from the Welsh Government.

It is disappointing that despite the engagement we had with employers, some have not applied codes correctly. In some cases, individuals have had the wrong amount of tax deducted. I understand that this was due to issues with the payroll software used by some employers and that employers affected in this way are correcting their systems and explaining the error to their employees.

You will appreciate that there is a limit to what HMRC can do to ensure employers correctly apply the codes they are given for their employees in these circumstances. We believe we have a comprehensive programme of engagement and assurance and will keep this under review.

I can also reassure you that any discrepancies in the codes applied by employers will be corrected in year or at end of year reconciliation. This will ensure that the Welsh Government receives the correct revenue."

The letter has been published on GOV.UK.

Back to ***Contents***

Payroll support from HMRC

31 May 2019

Today sees the annual deadline for employers to provide any employee who was working for you on the last day of the tax year (5 April 2019) with a P60. Help is at hand if you are new to payroll.

How to issue a P60 to your employees
With a deadline of 31 May, find out how to issue a P60 to your employees by watching a short employer video on HMRC's YouTube channel.

Getting payroll information right
It's important to give accurate information to HMRC and avoid common mistakes so your payroll runs smoothly. This webinar tells you what you need to know.
Choose a date and time

Employer filing obligations
This webinar will tell you when and how to send your Full Payment Submission (FPS) and Employer Payment Summary (EPS), emphasising the importance of filing reports to HMRC on time.
Choose a date and time

Payrolling – tax employees' benefits and expenses through your payroll
The deadline to register for payrolling in 2019-20 was 5 April 2019. If you've already registered, find out about the advantages for you and your employees with examples of how to deal with some of the most common benefits.
Choose a date and time

Other subjects
Whether you're new to payroll or need a refresher, you can get the support you need with a range of online tools from HMRC – See the full list of current videos and webinars.

CIPP Payroll training courses

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

Consultation on Statutory Sick Pay reform imminent

3 June 2019

In a speech on the future of the labour market, the Secretary of State for Work and Pensions said that government will at last be shortly consulting on reforming Statutory Sick Pay.

At the Recruitment and Employment Confederation, talking about the future of the Labour Market, Amber Rudd said:

"We will shortly consult on reforming Statutory Sick Pay, in order to better support employers to retain staff who experience health problems. The current system is failing to support those who fall ill in work, one of several factors causing older people to choose retirement when they still have a huge amount to offer. One in 4 men, and 1 in 3 women, have not worked for at least 5 years before they reach State Pension age."

Background
The government pledged there would be a consultation in their November 2017 response to the green paper 'Improving Lives - The Future of Work, Health and Disability'. Government said that they:

"…want to see a reformed SSP system which supports more flexible working … to help support phased returns to work including spacing out working days during a return to work, managing a long-term health condition, or recovering from illness."

Government also pledged to:

- Improve and better publicise existing guidance on SSP eligibility to ensure that employers and employees each understand their rights and responsibilities; and
- Consider Matthew Taylor's recommendations about SSP eligibility and the way entitlement is accrued and about sickness absence management.

Flexible SSP – what did you say?
In advance of the consultation that we were led to believe would be published later in 2018, the CIPP policy team ran a survey during April 2018 to try and gather some early thoughts and opinions. Our findings from members and the wider payroll profession are still very much relevant as we wait for the 'imminent' publication of said consultation. In summary:

- There was a range of numbers on the payroll from respondents, but the majority were between 250 and 9,999.
- 89% offer both SSP and OSP schemes with differing options depending on their terms and conditions.
- 87% offer an initial return to work on altered hours (phased return) after a period of sickness. 77% of which said that each case is looked at on an individual basis and that they have no set timescale for employees to be off before the phased return is offered.
- With regards to how employers pay their staff on a return to work after a period of sickness on altered hours, 49% only pay for the hours worked, whereas it was almost evenly split where some employers pay full pay regardless of hours worked and the others pay for hours worked, topped up with OSP or SSP.
- We asked what respondents thought they would need to do or to adapt their payroll systems and processes to accommodate employees returning to work on altered hours and paid a mixture of OSP & SSP. Responses were that software would need to be adapted/updated, if the change was to legislation then staff would need to be educated and more manual intervention would be required.
- Some respondents did say that they felt little or no change would be required.
- We asked how long it would take to implement these changes and the answers varied as it would depend on who and what it affects. If legislation was changed then this would a decent lead time for software developers, then there is the implementation, training, educating etc.
- The cost of these changes is varied or not applicable. It may be that some of the respondents may not be involved in the 'cost implications' of the business so would be unable to answer and also what the changes will actually be is difficult to say at this stage.
- We also asked what the overall cost of sickness management change would be if flexible returns were offered. The majority stated that they offer this service in some form already, others believe it will not affect the cost and only a minority felt it would be expensive.
- From additional comments to the survey, it would seem that the way forward is a total rethink of the SSP system and that the waiting days should be abolished.

We passed on the full results of our survey to the Department for Work and Pensions, who are leading on these reforms and we shall continue to work with them through to consultation and change, in whatever form that may be. We will most certainly be calling on you, the payroll professionals, again, for your expertise and opinions.

Back to ***Contents***

Send an Earlier Year Update using Basic PAYE Tools

11 June 2019

The guidance to Send an Earlier Year Update using Basic PAYE Tools has been updated for the tax year 2019 to 2020.

Send an Earlier Year Update using Basic PAYE Tools

FPS to replace EYU
From April 2020, any Earlier Year Update (EYU) amendments must be reported on the FPS. The EYU is currently used to report revised Year to Date (YTD) payment data after the 19 April deadline. This information will now be reported on the FPS, enabling the quicker alignment of HMRC systems with employer payroll records.

The change will happen on 20 April 2020. However, to help employers adjust to the new system, HMRC will adjust its systems so that they can accept either the EYU or the FPS to report year-to-date amendments from 20 April 2019. Payroll systems may need to be updated so that they can produce a suitable FPS file (date validation rules might currently prevent it). However, once an employer has chosen a method to use for reporting any 2018-19 amendments, it must continue to use that method for the rest of the tax year.

Back to ***Contents***

Income Tax and National Insurance contributions for NHS WATS courses

14 June 2019

For NHS employees who attend training courses, often known as widening access training scheme (WATS) courses, tax and NICs will be due on payments made for courses starting from 1 September 2019.

Guidance on how to apply the tax rules for NHS employees who attend WATS courses has been updated to explain that no refunds of Income Tax and National Insurance contributions can be made for WATS courses starting on or after 1 September 2019.

When tax and National Insurance contributions should be deducted

Courses starting before 1 September 2019
If you're not currently deducting tax or National Insurance from payments and the course starts before 1 September 2019, you should carry on paying your employee in this way until the course is finished.

If tax and National Insurance has not been paid in the past, HMRC will not ask you to pay it.
If you're already deducting tax or National Insurance, you should continue to do this.

Courses starting on or after 1 September 2019
You must deduct tax and National Insurance on any payments made to employees taking part in these courses.

How to deal with employees' refund requests
You may have been giving refunds to employees or former employees where you've deducted tax or National Insurance from their pay when they were attending a course.

Refund requests received before 1 September 2019

You can continue to provide refunds under your existing procedures.

Refund requests received after 1 September 2019
Refunds should not be considered if the request is received on or after 1 September 2019, unless you've already told your employee they'll get one at the end of their term or course.

How to claim a refund from HMRC

Training courses started before 6 April 2013
You should submit claims to HMRC on behalf of your employee.
You can do this by sending a schedule by email to HMRC's Widening Access team nhswat.mailbox@hmrc.gov.uk and they will issue the refund.

HMRC will not process refunds sent after 1 September 2019.

Training courses started after 6 April 2013
You should deal with the refund through your payroll system.

Back to ***Contents***

Is 'admin error' the new black?

24 June 2019

Tesco has recently faced public scrutiny over an 'administrative error' that resulted in incorrect redundancy payments, again showcasing how 'high-risk' pay and reward has become as a headline subject.

According to one retail media report between 200 and 300 former workers were affected with some overpaid by as much as £2,000. What has also been reported is that anyone who was overpaid by more than £500 will be able to keep £100, but anyone overpaid by less than £500 will be allowed to keep the full amount.

Reportedly a Tesco representative said:

"Colleagues who were underpaid were paid the correct amount within one to two working days and this issue is now resolved."

"We have been in touch with colleagues who were overpaid to apologise, and we will be fair to colleagues affected, taking account of individual circumstances."

Mixed messages if the reported process for dealing with overpayments is indeed correct.

Tesco confirmed changes earlier this year which included the closure of fresh food counters in about 90 of its stores and cuts being made at its head office to create a simpler and leaner structure, putting up to 9,000 staff jobs at risk. Around half were said to be being redeployed, however redundancies were going to be inevitable.

Business Matters reported that a number of redundancy payments were made at the end of May, but an administrative error meant that hundreds received the wrong amount.

Tesco do not appear to have issued its own press release on the matter, so we are left to speculate as to exactly what the 'admin error' was and where the responsibility for it lies. There is no mention of whether Tesco's payroll function is handled in-house or is outsourced to an external payroll provider. In principal redundancy calculations should be straight forward, especially when using the online calculator on gov.uk, however this relies on all the relevant information being present and correct, which in turn relies on good communication between HR and payroll and between client and payroll supplier – depending on the arrangement in place.

Many media reports will strive to apportion blame, however this 'admin error' and many others reported in the press, serve to highlight the increasing complexity of 21st Century payroll and just how vital strong communication between all parties is. As we see time and time again with minimum wage 'errors', if a detail is wrong, or something has not been communicated accurately or on time, then the risk to the employer or client can be extensive when media coverage

comes into play and the headlines are splashed. Not to mention the threat of an employment tribunal, although in the Tesco case it does appear that the company have acted quickly to correct any errors and minimise the associated risk.

It becomes more and more apparent that payroll is no longer an administrative function; its impact on the strategic function of a company continues to grow and that importance should be recognised across all business functions.

Back to ***Contents***

Have you migrated to AUDDIS?

24 June 2019

Although most organisations have been using AUDDIS (Automated Direct Debit Instruction Service) to lodge Direct Debit Instructions (DDIs) electronically for many years, some service users are still posting DDIs to paying payment service providers (PSPs), for example banks and building societies.

If you have not yet migrated all of your service user numbers (SUNs) to AUDDIS then this information from Bacs may be of interest to you.

What is AUDDIS?

Practically, AUDDIS has only one primary change from conventional DDI processing: the original paper instruction is retained by you, not the PSP.

You simply enter your customer's details into your own system and send them electronically via the Bacstel-IP service to the customer's PSP.

What are the benefits to AUDDIS?

- Enables faster identification of invalid account information thus reducing unpaid Direct Debits
- Allows a reduction in the time between lodgement (when the PSP receives and accepts the DDI) and the collection of the first payment
- Provides more accurate identification of a DDI through a mandatory reference
- Eliminates the need to post DDIs.

Further information

To find out more about using AUDDIS and other services to improve the speed and efficiency of your Direct Debit processes, see the AUDDIS guide from Bacs.

Back to ***Contents***

More people sign up to Payroll Giving

17 July 2019

According to data released by HMRC, the number of people who have signed up to Payroll Giving increased by 52,000 in 2018/19 compared to the previous year.

Payroll Giving is a way of giving money to charity without paying tax on it. It must be paid through PAYE from someone's wages or pension.

The list of organisations that are approved and monitored by HMRC for the purposes of Payroll Giving has recently been updated. The list can help you to promote Payroll Giving in the workplace, whether using a professional fundraising organisation, staff champions or a chosen charity.

The list doesn't include all approved Payroll Giving agencies, only those that ask to be included. Some agencies restrict services to particular employers and do not take on other employers. Approved agencies that are not listed here will be able to produce a letter of approval from HMRC if required by employers.

You can find out more about payroll giving on GOV.UK.

Back to ***Contents***

Company directors – payroll and you

19 July 2019

If you have directors on your payroll, HMRC is running a webinar on Thursday 25 July which will tell you about your payroll responsibilities to HMRC, including tax, calculating National Insurance for directors and what records to keep.

Company directors – payroll and you - Register here

Questions can be asked using the on-screen text box.

The HMRC Online Customer Forum is also a good place to go if you've got a question about PAYE and payroll for employers or Taking on employees.

You can see what others are asking, ask your own questions and receive responses from the experts.

CIPP Payroll training courses

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

FPS three day easement continues

31 July 2019

HMRC has confirmed that the easement introduced in 2015 for when your FPS is late but all reported payments on the FPS are within 3 days of your employees' payday, will continue.

Details are below and can be found within the guidance What happens if you do not report payroll information on time.

When penalties are charged

You can get a penalty if:

- your Full Payment Submission (FPS) was late
- you did not send:
    - the expected number of FPSs
    - an Employer Payment Summary (EPS) when you did not pay any employees in a tax month

HMRC will not charge a penalty if:

- your FPS is late but all reported payments on the FPS are within 3 days of your employees' payday, however employers who regularly file after the payment date but within 3 days may be contacted or considered for a penalty
- you're a new employer and you sent your first FPS within 30 days of paying an employee
- it's your first failure in the tax year to send a report on time (this does not apply to employers who register with HMRC as an annual scheme)

Back to ***Contents***

Employment Allowance – additional detail needed via RTI returns

2 August 2019

From April 2020, the Employment Allowance is to be restricted to employers who have a secondary NIC liability of <£100,000 in the preceding tax year.

As a result of restricting who can claim this amount (maximum £3,000 per tax year) HMRC now view the Employment Allowance as de minimis state Aid and as such will need to monitor how much is claimed as well as ensuring that employers do not exceed the amount that they are allowed to claim over a period of three years.

Summary of tax year 20-21 projects for software developers provides confirmation that the employer will need to submit on the EPS (Employer Payment Summary) the following information:

- the employer will need to report on their EPS the amount of de minimis state aid received up to a ceiling for their industry sector, or confirm that State Aid does not apply,
- the amount will need to be reported in Euros, using a rate announced by HMRC on 1 April.

From 2020-21 an existing Employment Allowance claim will not be rolled forward from the previous year and will require the employer to make a fresh claim each year.;

A new Generic Notification Service (GNS) message will be used to advise when a claim is rejected, based on the £100k NICs limit, de minimis State Aid limit for industry sector or for some other reason is ineligible.

Payroll software will need to be able to support the current process for Employment Allowance claims relating to tax years up to 2019/20 together with a new process for 2020/21

CIPP comment

A Policy Think Tank is being held on Friday 9 August, a small number of places remain for full, fellow or Chartered members, please contact policy@cipp.org.uk or forward any questions, or comments that you have to senior policy and research officer samantha.mann@cipp.org.uk .

Back to ***Contents***

Basic PAYE Tools user guide

1 August 2019

HMRC's Basic PAYE Tools user guide has been updated for the 2019-20 tax year.

Basic PAYE Tools is free payroll software from HM Revenue and Customs (HMRC) for businesses with fewer than 10 employees.

The guide will help you when using Basic PAYE Tools (BPT) and can be used from 6 April 2019. It contains examples of screens you will see in BPT and includes simple to follow instructions.

The Basic PAYE Tools user guide contains information to help you:

- find your way around the BPT
- prepare to use the BPT
- know when to send your payroll submission
- pay your employees and calculate the deductions
- calculate how much to pay HMRC each month
- pay Employers' PAYE and NIC
- tell HMRC that you did not pay any staff wages in a whole tax month
- complete annual reporting and tasks
- with payrolling Benefits in Kind (PBiK)
- back up your data
- Back to ***Contents***

EYU to remain for another year

23 August 2019

From April 2020 the EYU will no longer cease to be a valid submission for 2019-20 and later years. HMRC has decided to extend the pilot to include the 2019-20 tax year.

HMRC's Software Developers Support Team (SDST) has provided an update for software developers which employers and payroll practitioners also need to know about.

"We previously advised that from 20 April 2019 we would be accepting Real Time Information (RTI) Full Payment Submissions (FPS) with 'Year to Date' information to make amendments to the tax year ending 5 April 2019. In order to evaluate the making of amendments using the FPS, we decided to pilot its use while continuing to accept Earlier Year Updates (EYU) to make amendments for 2018-19 where employers chose to do so. We originally advised that from April 2020, the EYU would no longer be a valid submission for 2019-20 and later years.

The initial analysis from the RTI FPS 'Year to Date' pilot has been very encouraging. We want to continue to evaluate these early positive results prior to making a final decision about withdrawal of the EYU.

We have therefore decided to extend the pilot to include the 2019-20 tax year.

In summary amendments can be made as follows:

- *Tax Year ending 05 April 2019 from 20 April 2019 – an EYU or FPS will be accepted. This is a pilot year and the use of the FPS after the year end is voluntary.*
- *Tax Year ending 05 April 2020 from 20 April 2020 – an EYU or FPS will be accepted. This is an extension to the pilot year and the use of the FPS after the year end is voluntary."*

Version 1.1 of the 2019/20 RIM artefacts, along with a document showing the changes to the Earlier Year Update between 2018/19 and 2019/20 will be published in the RTI support for software developers area on GOV.UK shortly.

Previous CIPP news on EYU

- The FPS replaces the Earlier Year Update - 25 March 2019
- Say goodbye to the Earlier Year Update - 30 November 2018

Back to ***Contents***

Employer Student Loan / Postgraduate Loan Stop Prompts

23 August 2019

From September 2019, HMRC will send Generic Notification Service (GNS) messages to employers who continue to take Student Loan or Postgraduate Loan (PGL) deductions from their employee after a stop notice (SL2 or PGL2) has been issued.

HMRC is introducing this change to help:

- increase employer compliance with stop notifications and
- reduce the amount that stopped borrowers overpay by.

The GNS messages:

- are a prompt for employers to stop taking deductions from the next available pay day
- will work in the same way as our other GNS Student Loan / PGL prompts
- will be delivered to employers PAYE online accounts.

Employers who continue to take deductions will receive a maximum of 2 GNS message prompts per tax year for each employee and loan type they incorrectly deduct under.

There will be 8 potential notices depending on whether the employee was a Student Loan borrower, a PGL borrower or they never had a loan. The GNS messages will be titled:

I. Student Loan stopped borrower Prompt 1
II. Student Loan stopped borrower Prompt 2
III. Postgraduate Loan stopped borrower Prompt 1
IV. Postgraduate Loan stopped borrower Prompt 2
V. Student Loan non borrower Prompt 1
VI. Student Loan non borrower Prompt 2
VII. Postgraduate Loan non borrower Prompt 1
VIII. Postgraduate Loan non borrower Prompt 2.

To help increase awareness of this change, HMRC will add an update to guidance 'Student Loan and Postgraduate Loan repayments: guidance for employers', and also include an article in the October Employer Bulletin and Agent Update.

Back to ***Contents***

Employment Related Securities Bulletin

29 August 2019

The latest Employment-related securities bulletin provides a reminder that HMRC has now extended the period of time for agreeing Enterprise Management Incentive (EMI) values from 60 days to 90 days.

Enterprise Management Incentive (EMI) scheme valuation
HMRC has now extended the period of time for agreeing EMI values from 60 days to 90 days. If an EMI company does not grant options within this time they will need a new valuation.

Since 2012 any company operating an EMI scheme must carry out their own valuation of shares when they grant options to employees.

It's important that shares are valued accurately at this time as it may affect the amount of tax due when the employee later exercises these options. There may also be longer term implications for the EMI firm when options are exercised

as part of a sales process if, as part of their due diligence, the buyer discovers that the options were granted at undervalue.

Further information on EMI scheme valuations can be found in the Employment Related Securities Bulletin 32, which also includes:

- Guidance updates
- When to submit your ERS annual return
- Common ERS annual return errors
- Contact for advice
- Contact HMRC about ERS Bulletins

Back to ***Contents***

Marriage allowance tax refund deadline 2015/2016 claims approaching

6 November 2019

The marriage allowance is an initiative that was rolled out on 6 April 2015. It allows for individuals to transfer 10% of their tax-free allowance to their spouse or civil partner, should they not be using that allowance at all or if they are only using a portion of it.

The savings are calculated as 20% of the tax-free allowance figure that is transferred. If 2019/2020 is used as an example, the standard tax code gives £12,500 tax free allowance. 10% can be transferred, and 10% of £12,500 is £1,250. There would then be a tax saving of 20% applied to that, equating to £250 in tax savings for the current tax year. The recipient's tax code would be adjusted to encompass the additional allowance and similarly, the non-taxpayer would see a change to their tax code.

The allowance can be claimed retrospectively, and rebates for previous tax years would be issued as cheques. There is a four year limit on reclaiming tax so any submissions for tax year 2015/2016 marriage allowance refunds will need to be submitted by 5 April 2020 or that tax year will be closed to claims.

The rules surrounding marriage allowance are refreshingly simple – one individual must be a non-taxpayer and the other must be a 20% taxpayer, as higher and additional rate taxpayers are not eligible to receive the marriage allowance transfer. Both parties must have been born on or after 6 April 1935 and they must be married or in a civil partnership. Co-habiting or being in a relationship do not count.

There is further guidance relating to the marriage allowance on GOV.UK, which can be accessed here.

Back to ***Contents***

GNS messages surrounding apprenticeship levy and employer allowance

4 November 2019

In the October Employer Bulletin HMRC advised that Generic Notification Service (GNS) messages will be circulated to employers as a reminder to review any claims that they are making in relation to either the apprenticeship levy or the employer allowance, or in some circumstances, both.

The Bulletin included guidance relating to the eligibility rules surrounding both the apprenticeship levy and the employer allowance. This was prompted by the fact that there have been numerous claims submitted to HMRC that have been incorrect.

As a result of this, some of the GNS messages that are sent will simply be prompts aimed to increase awareness and to remind employers to assess their eligibility internally. The messages will not necessarily be sent to advise that

something has been submitted incorrectly or that there are any issues, so if a business receives a GNS message relating to either of the allowances, it is not cause to worry.

HMRC has also confirmed that in the future, there will be increased circulation of GNS messages for educational purposes, to assist payroll departments in relation to correct payroll processing and real time submissions. The advice is to check the GNS messages regularly as they are important and play a vital role in allowing HMRC to communicate with employers.

There is further guidance surrounding both the apprenticeship levy and the employment allowance online and businesses are encouraged to review this information and ensure they are acting in accordance with the rules.

CIPP comment

In the CIPP Policy Hub area, accessible to members, a webcast surrounding changes to employment allowance from April 2020 is available to view. Presented by the CIPP's Diana Bruce, it provides updates that are essential for employers and payrollers to familiarise themselves with prior to the turn of the next tax year.

Back to ***Contents***

HMRC publishes statistics relating to Income Tax deducted from pay for 2017-2018

29 November 2019

HMRC has released a publication to show the distribution of Income Tax by industry for tax year 2017-2018 which is then compared to the same figures from the previous year to identify any increases, decreases and general trends.

The sectors that contributed the most in Income Tax for 2017-18 were Financial and Insurance Activities, who accounted for 16.9%, Professional, Scientific and Technical Activities, who contributed 12.3%, and Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles who came in as the third highest contributor at 10.6%. The document states that this does not differ dramatically from the findings for the previous year – 2016-17.

Income tax contributions from some industries did fluctuate between 2016-17 and 2017-18. Information and Communication, Human Health and Social Work Activities, Administrative and Support Service Activities and Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles saw the largest increase in Income Tax contribution from one year to the next. Financial and Insurance Activities (despite contributing the highest percentage in total), Education and Manufacturing saw the biggest decrease in Income Tax contributions from 2016-17 compared with those from 2017-18.

The data used within this research is derived from a one percent sample of an HMRC departmental administrative source. The document explains how up until tax year 2013-2014 the data relating to Income Tax deducted from pay was extracted from form P14s that were submitted to HMRC by employers at tax year end. From 2014-15, the data has been taken from RTI PAYE end of year summary information, so the figures include information taken from both sources.

There is a cautionary note that some tax on pay can relate to occupational pensions and so the published figures may include minimal amounts of tax on occupational pensions as this cannot always be separated out.

Back to ***Contents***

Fraudsters target charity businesses by impersonating staff

13 December 2019

A warning has been published on the Gov.UK pages to advise charities of an alarming new trend in which fraudsters are impersonating staff members, often attempting to amend employee bank details via email request.

Several different charities have reported the practice and the Charity Commission wanted to alert others in an attempt to prevent fraudsters from succeeding in committing these crimes and to combat payroll fraud within the charity sector.

The guidance given is to be wary of any requests to HR & finance departments in particular but also to any other staff members relating to changing bank details. Emails will have originated from an email address that looks very similar to that of the subject being impersonated. Emails relating to employee's bank details will need to be rigorously checked to ensure that they are genuine and if there is any doubt the relevant employee should be contacted via a different channel, e.g. by calling them and asking if they have requested for you to change their bank details. If they have not, delete and discard the fraudulent email without making any amendments. The requests will often read like credible emails so extra precaution needs to be taken.

In order to prepare for and protect against cybercrime, charities should review the processes surrounding how employee details are amended and approved and how validity is verified. As with any other unusual looking or suspicious emails, attachments should not be opened, and links should remain unclicked as this is where systems can potentially be hacked.

Further advice provided is that all confidential and sensitive data should be shredded so that anybody external does not have access to it. The less information a fraudster has about a company, the harder it will be for them to successfully commit fraud and to impersonate members of staff.

If you should be in the unfortunate position of being targeted by fraudsters, the advice is to send a report to Action Fraud.

It should also be reported to the Charity Commission and advice is provided here. Reporting the incidents to the Commission allows them to analyse the type of fraud, how often it is happening and the impact of these incidents so that the level of risk can be assessed on the whole and appropriate actions taken to safeguard the charity sector.

Back to ***Contents***

Short Term Business Visitors (STBV): a clarification piece

8 January 2020

As HMRC reported in the October Bulletin, PAYE arrangements for employers with Short Term Business Visitors (STBVs) from overseas branches will be changing from 6 April 2020.

Towards the end of 2019, to prepare for the upcoming changes, a letter was circulated to companies that held a STBV special arrangement (PAYE81950) which would allow them either to apply to use the new special arrangement , commonly referred to as Appendix 8, or to cease their current PAYE special arrangement.

The letter included the statement 'This application is to:' and then offered two options with tick boxes alongside them. The options were:

- Apply for a new Appendix 8 arrangement
- Cease current PAYE special arrangement

It has been reported that there has been some confusion upon completion of these forms with some respondents placing a tick in both answer boxes. The guidance given is that employers need to select one or the other, as it would be impossible for both scenarios to apply. If the employer wishes to join the new arrangement, then they should tick the relevant box but if they don't wish to join Appendix 8 then they should opt to cease the current PAYE special arrangement.

The upcoming changes mean that there will be an increase in the UK workday limit from 30 to 60 days and that the filing and payment deadlines will shift to 31 May 2021 for tax year 2020-2021 onwards, as opposed to 19 and 20 April respectively, each year. This applies when UK companies hire staff from territories in which there is no Double Taxation Agreement.

CIPP comment

The CIPP sits in on the Expat Forum and so would be interested in hearing any feedback or comments in relation to Appendix 8 or any experiences our members may have had in relation to letters of this nature. Alternatively, if there are any items you would like the CIPP to raise at the next Expat Forum, then please don't hesitate to get in touch at Policy@cipp.org.uk.

Back to ***Contents***

HMRC advises customers to prepare for upcoming self-assessment deadline

9 January 2020

HMRC has issued a reminder to customers to ensure that they complete their Self-Assessment tax returns prior to the deadline on 31 January 2020. Payment of any tax due is also required on this date.

Approximately 54% of those impacted have already filed their returns - 5.6 million of those completed their returns online, equalling 89% of the total received to date. 3,003 individuals actually completed their return on Christmas Day!

Individuals are required to complete a tax return if they:

- Received more than £2,500 in untaxed income, including from tips or commission, from money obtained through renting out a property, income from savings, investments and dividends or from foreign income
- Are a partner in a business partnership
- Are classed as self-employed sole traders who earned over £1,000
- Or their partner received Child Benefit and either of them had annual income over £50,000
- Are employees claiming expenses over £2,500
- Received an annual income of over £100,000

For individuals who have not yet started their 2018/2019 Self-Assessment, there a range of resources offered by HMRC to help them with the process. There are webinars and videos available online to assist with each step of the process. The guidance is aimed to suit a variety of different circumstances, and there is a video specifically aimed at those who are completing a tax return for the first time.

Help can be found on the Gov.UK pages, and there is also a dedicated Self-Assessment helpline, the number for which is 0300 200 3310. Social media is a good additional tool for guidance and advice.

Angela MacDonald, HMRC's Director General for Customer Services, said:

"The Self Assessment deadline on 31 January is fast approaching so customers have just under a month left to file their tax returns online to avoid any unnecessary penalties. Any tax due is also payable by 31 January. We know that can be a worry, and not only when large sums are involved, so I would urge anyone who is expecting to find it difficult to pay their tax to get in touch with us as soon as possible. We will do everything we can to help and provide practical support.

If you are completing Self Assessment for the first time or are yet to start your 2018/19 tax return, there is a wide range of support and guidance available on GOV.UK to help at every stage of the process."

Customers still need to complete a 2018/2019 if they completed a Self-Assessment tax return last year and had no tax to pay, unless HBMRC have directly contacted them to confirm that it is not required. If you have any doubt at all over whether or not you should be filing a tax return, you should use the tool provided here.

The initial penalty for missing a tax return filing date is £100 if it is up to three months late but the penalties can increase substantially after this point, so it is imperative to ensure you meet the deadline.

Back to ***Contents***

Ahead of the Self-Assessment tax return deadline, a reminder to be vigilant to HMRC scams

14 January 2020

As the deadline for filing Self-Assessment tax returns fast approaches, the CIPP thought it would be important to remind members and their staff members of the importance of being alert to scammers who purport to be HMRC in an attempt to steal the hard earned money of individuals.

There are multiple ways in which these unscrupulous criminals work, and they contact people via a range of channels. They will attempt to lull people into a false sense of security and may do so via a phone call, by email or even via WhatsApp and social media. The most frequently used scams are discussed below.

Tax refund and rebate schemes

The biggest piece of advice in this area is that HMRC will never send email notifications in relation to tax rebates or refunds. If you do receive an email of this nature, ensure that you do not visit any website, and don't open any attachments or provide personal or payment information. As fraudsters are becoming increasingly sophisticated, they may have the ability to spoof a genuine email address or change the 'display name' in an attempt to make the email look more authentic.

There is an example of what a phishing email and bogus website might look like on the Gov.uk pages. It would be advisable to familiarise yourself with these examples so that you are aware of what you need to be looking for. HMRC will never request any personal or financial information when they send text messages. If you do get a text message asking for this information, you should refrain from replying and avoid clicking on any of the links held within the message. The fraudulent email should be forwarded to 60599 or emailed to phishing@hmrc.gov.uk. The text should then be deleted.

There is a phishing campaign that contains a PDF attachment with the advice that customers need to 'download a PDF attachment' in order to receive a tax refund. The PDF includes a link to a phishing site that asks for personal or financial information. Do not reply to the email or download the attachment and instead forward the email to phishing@hmrc.gov.uk and then delete it.

Bogus phone calls

A widely reported scam is one that is often aimed at the elderly and more vulnerable in society, consistent of an automated phone call which states that HMRC is filing a lawsuit against you, and that you should speak to somebody and make a payment. The advice given here is to terminate the call straight away. Other calls may offer a tax refund and ask you to provide payment information. Do not provide any of these details but in the event that you do fall victim to a scam, report it to Action Fraud. To aid HMRC in its investigation of scams, you should email phishing@hmrc.gov.uk stating the date of the call, the phone number used and the content of the call.

WhatsApp messages

HMRC won't use WhatsApp to communicate with customers about tax refunds and if you ever receive a message from HMRC on WhatsApp, it will be a scam. Email the details to phishing@hmrc.gov.uk and then delete the message.

Social media

Direct messages are being sent to workers through social media, for example on Twitter. Again, these messages relate to the offer of a tax refund. HMRC confirms that they will never use social media to offer a tax rebate or to request personal or financial information. The details should be sent to phishing@hmrc.gov.uk and the message should be ignored.

Refund companies

Companies may contact people via text or email to advertise their services, where they offer to apply to HMRC for a tax rebate on your behalf but will do so for a fee. These companies are not connected to HMRC at all, and you should read disclaimers and 'small print' before utilising the service so that you are fully aware of the cost implications.

Export clearance process (delivery stop order) emails

The official name for emails which claim that goods have been withheld by customs and payment is required to secure their release is a '419 scam.' People have received emails asking for payments or personal and financial information in order to receive lottery winnings, seized goods or packages, certificates or bonds and inheritance payments. The name of a real HMRC staff member may be used as the sign off to attempt to add an element of authenticity to the email but these sorts of communications are not genuine. Details should be sent to phishing@hmrc.gov.uk and the email discarded.

CIPP comment

The CIPP really enjoys hearing from its members and would like to know if you have had any experience of fraudulent activity where the perpetrator presented themselves as HMRC. Please get in touch with the Policy team at policy@cipp.org.uk and please remember to stay alert and be wary that there are numerous scam communications being circulated.

Back to ***Contents***

HMRC's Talking Points webinars

14 January 2020

HMRC has advised that it will be hosting several useful webinars over the coming days and weeks but that there are limited places, so people are advised to sign up sooner rather than later.

The following webinars are currently being offered:

Off-payroll working from April 2020

There are numerous sessions of the off-payroll working rules webinar being held and you can enrol here. The webinar, which was removed during the period of purdah prior to the general election has been reintroduced, and aims to provide an update on the reform to off-payroll working rules from April 2020 which will be extended to private sector organisations that aren't classed as being 'small' from April 2020.

How to show self-employed business expenses on the tax return

On Tuesday 14 January between one and two pm , there will be a webinar that instructs how to show self-employed business expenses on tax returns. The deadline for filing Self-Assessment tax returns is 31 January so it is key for affected individuals to get this right. The webinar will cover what business expenses are and will give an overview of the most frequently used expense types and how to enter figures onto your tax return.

Income from property for individual landlords – part 1

On Thursday 16 January between 11am and midday, there will be a webinar which examines restricting finance cost relief and the cash basis eligibility and occupational rules.

Capital Allowance and vehicles

There are two instances of this webinar being held. You can enrol here. It is aimed at sole trader clients and gives an overview of the unique rules surrounding cars.

Income from property for individual landlords – part 2

This webinar looks at the main expenses and deductions, allowances and reliefs and will take place on Thursday 23 January between 11 am and midday.

Disguised Remuneration – changes to the loan charge following the independent review

On Tuesday 28 January, there will be a webinar relating to changes made to the loan charge and how they may affect different people. This will take place from three until four pm and will give the opportunity to find out more about the disguised remuneration loan charges and the changes as a result of the government' s response to the independent review.

Trade losses

This session will look at how trade losses can be relieved by individuals and will look at different examples of the various loss relief provisions, the applicable time limits and further areas to consider. This will take place on Wednesday 29 January between 11am and midday.

Basis periods

This webinar consists of tips relating to dealing with how to change from sole trade to partnership and vice versa. There will also be discussion of different rules that apply to commencement years and the effect on a basis period where there is a change of accounting date and overlapping periods. The webinar is being held on Thursday 30 January from 11 to midday.

Negligible value claims and share loss relief

At the start of February, there will be a webinar that provides an overview of share loss relief and explores what conditions must be in place for clients to claim assets that have become of negligible value. Enrol to participate in the webinar taking place on Thursday 6 February between midday and one o'clock.

Back to ***Contents***

A review of the government's response to OTS report on simplifying tax for smaller businesses

21 January 2020

Ahead of all upcoming changes taking place from the start of the new tax year in April 2020, many payroll professionals will be wondering how the government's response to the Office of Tax Simplification's (OTS) report on simplifying everyday tax for smaller businesses will be incorporated into legislation and also hoping that this will make the complex area of tax more straight forward.

The response from HM Treasury, published in November 2019, accepted the majority of recommendations, and considered any it did not wholly reject. In a letter addressed to the OTS, MP Jesse Norman thanked the department for their report and advised that officials would update them on any updates to the progress on the extra eighteen recommendations that were laid out in addition to the below. This is because the government is dedicated to ensuring the UK is an attractive place for business and entrepreneurship.

- Recommendation: the government should provide small businesses with a package of start-up guidance which advises of the key actions to take, with tax as the primary focus.
  Response: this will be considered by the government. The government understands how important it is to help small businesses, not just to meet tax obligations but so that they can grow and prosper. HMRC already provides a range of support resources, inclusive of webinars and videos, tax helplines and written guidance. More can be done though and the cross government 'Start a Business' service community has published step-by-step guides to setting up a business. Ongoing work will continue to enhance the guidance available for new business set-ups.
- Recommendation: A strategic focus on the PAYE system should be a HMRC priority to ensure effective implementation of improvements and system changes.
  Response: accepted by government. HMRC is committed to improving PAYE and RTI, as this can equate to cost savings and give a better experience for customers, employers and agents. A post-implementation review of RTI took place in 2017 and HMRC is in the process of implementing the findings. A new regime

ownership model will be introduced which gives clear accountability for ensuring that changes to processes are delivered, embedded and evaluated on their effectiveness.

- Recommendation: A fresh review of areas where the PAYE/RTI system should be improved should be carried out, possibly by the OTS.
  Response: this will be considered by the government. HMRC will work alongside OTS to establish the best time to review PAYE, by the OTS or otherwise, and also look at other priority areas for identifying improvements of the tax system.
- Recommendation: HMRC should appoint a senior official to oversee and prioritise implementation of the Agent Strategy.
  Response: HMRC has appointed a senior official to oversee and provide leadership on the Agent Strategy.
- Recommendation: HMRC should routinely build agent awareness and needs into system design and improvement and its related guidance.
  Response: accepted by the government. The senior official appointed as per previous recommendation will be tasked with ensuring constructive engagement with the agent profession, to strengthen listening and ensure the role and needs of agents are understood and incorporated into the development of new systems.
- Recommendation: HMRC should work with partners, i.e. Companies House, to develop digital options to help smaller companies prepare accounts and complete tax returns, including an additional accounts template that is easy to use and acceptable to HMRC and other departments.
  Response: this will be considered by the government. HMRC officials are investigating, along with Companies House, the best way to achieve a simpler return process for businesses.
- Recommendation: HMRC should simplify the corporation tax online return process as part of any future extension of Making Tax Digital to corporation tax, so that, as with the online income tax process, taxpayers only see the pages and information relevant to them and have pop-up information and help screens at key points.
  Response: this will be considered by the government. HMRC will continue to take advantage of digital tools to reduce the complexity small businesses feel in preparing accounts and corporation tax returns. The OTS highlight the potential for simplification provided by any future extension of Making Tax Digital to corporation tax and this will be considered before implementation.
- Recommendation: HMRC should explore ways to reduce the number of companies having to file two tax returns to cover first accounting periods that are very slightly longer than 12 months.
  Response: this will be considered by the government. HMRC realises there is a problem when a company draws up a set of initial accounts that cover a period over a year. HMRC will consider if it is possible to mitigate this without causing wider difficulties to the CT system from changing the maximum length of a tax year.
- Recommendation: HMRC should map major customer journeys for small businesses across tax regimes, to develop a programme of change to streamline the small business experience of the tax system.
  Response: accepted by the government. The small business customer journeys HMRC has already mapped have resulted in a range of ideas in development to improve the experience of HMRC services. HMRC's continuing programme of work will include mapping further small business journeys so that in time all major journeys will be covered.
- Recommendation: HMRC should review tax payment processes across core taxes and regimes, with a view to aligning and streamlining them.
  Response: accepted by the government. HMRC will align and streamline the payment processes across different taxes. HMRC has made organisational changes that are supporting a programme of work to do this, working to a payment strategy delivering a consistent and straightforward set of HMRC payments processes.

The CIPP welcomes the fact that the government has accepted the majority of the key points raised by the report compiled by the OTS. The CIPP hopes that the responses to the recommendations help to reduce some of the complication faced by smaller employers and their agents and looks forward to hearing further details on progress.

CIPP comment

If you have any recent experiences as an agent of a small business that you would like to share, please contact Samantha Mann, CIPP senior policy and research officer through policy@cipp.org.uk.

Back to *Contents*

Individuals report surprise tax bills when completing self-assessment tax returns and using the marriage allowance

29 January 2020

As widely publicised, the deadline for filing self-assessment tax returns is 31 January 2020 and many individuals will have already completed or, are in the process of completing, the forms at the time of writing.

Some HMRC customers have confirmed that there is an issue when trying to take advantage of their spouse's annual marriage allowance and have reported that they have received unexpected tax bills. They have also advised that HMRC have told them to proceed with filing their returns anyway.

Speaking to This is Money, one affected party confirmed that he had utilised his wife's annual marriage allowance since 2016 with relative ease, but this year received notification that he owed an unexpected £238. In previous tax years, the right level of tax had been correctly applied and the additional allowance from his wife had transferred seamlessly but this didn't happen upon completion of the self-assessment tax return for tax year 2018-19.

The same individual stated that, when he spoke to HMRC, they confirmed that several people had reported issues with the marriage allowance.

The marriage allowance permits individuals to transfer up to £1,250 of their Personal Allowance to their husband, wife or civil partner to reduce the amount of tax they pay, where they earn more than the individual making the transfer. Those in receipt of the allowance will receive a tax code ending in 'M', and those who have relinquished the allowance will see their tax code change to 'N'.

When approached in relation to the issue, a spokesman for HMRC stated that the marriage allowance isn't taken into consideration until after the self-assessment tax return has been processed by HMRC:

"The tax reduction that a recipient of Marriage Allowance receives is not taken into account until the self-assessment tax return is processed.

'When a return is processed by HMRC, the tax reduction will take effect in the calculation."

CIPP comment

The CIPP values the feedback of its members and would be interested to hear about experiences in relation to the process of filing self-assessment tax returns. If you have anything you would like to share with us, please contact Policy, at policy@cipp.org.uk.

Back to *Contents*

Individuals claiming the marriage allowance for tax year 2018-19 urged to check Self-Assessment tax returns

4 February 2020

As previously reported in the CIPP's News Online, individuals completing their Self-Assessment tax returns for 2018-19 were experiencing issues when trying to take advantage of their spouse's annual marriage allowance. There has now been confirmation that this was due to a glitch in the Self-Assessment system from April 2019 which was fixed on 21 January 2020.

The flaw meant that Marriage Allowance claims were being omitted from Self-Assessment claims, so there may be a number of individuals who have overpaid tax. The Low Income Tax Reform Group (LITRG) has advised married couples who filed their tax returns prior to the glitch being fixed on 21 January 2020 to check their calculations.

Victoria Todd, Head of the LITRG team, said:

"There was a glitch in HMRC's system until this month that meant the recipients of the tax reduction did not see this in their Self Assessment tax calculation for 2018/19 when they used HMRC's online system to file their tax return. HMRC have been working behind the scenes to issue amended calculations to those affected and we urge taxpayers to check their calculations and make sure the tax reduction has been included.

Some taxpayers may already have made their tax payments, due by 31 January 2020, and have overpaid due to HMRC's error. Such taxpayers will receive a tax repayment within four weeks and should contact HMRC if they do not."

The Marriage Allowance allows individuals to forfeit up to 10% of their personal allowance to transfer to their spouse or civil partner in the event that they do not make full use of their personal allowance. This allows the spouse or civil partner to obtain a tax reduction in the event that both parties are basic rate taxpayers (or Scottish intermediate rate, if applicable).

Back to ***Contents***

EYU can still be utilised for tax year 2019-20 – a reminder

30 January 2020

As previously reported in News Online back in August 2019, despite original intentions to abolish the Earlier Year Update (EYU) for tax year 2019-20 onwards, HMRC confirmed that an EYU would continue to be classed as a valid submission for amendments to the tax year 2019-20.

As the current tax year rapidly draws to a close, the integral message to payroll professionals is that, if they wish to send an EYU for amendments to the current tax year ending 5 April after 19 April 2020 then they can do so, and this will still be accepted. Alternatively, they can send a Full Payment Submission (FPS), and this is equally acceptable. The new process of submitting an FPS for tax year amendments is entirely voluntary and the tax year 2019-20 is an extension to the pilot year (which ran in tax year 2018-19), which tested the utilisation of an FPS as opposed to an EYU for amendments to a tax year after the 19 April deadline had passed.

The measure for extending the use of an FPS to report revised year to date figures has been long anticipated since the launch of Real Time Information (RTI) and so the change to process has been widely welcomed.

HMRC's Software Developers Support Team (SDST) commented:

"The initial analysis from the RTI FPS 'Year to Date' pilot has been very encouraging. We want to continue to evaluate these early positive results prior to making a final decision about the withdrawal of the EYU."

The rationale behind the extension to the pilot year is to ensure that everything runs seamlessly and to allow payroll professionals to adjust to the change in process.
Until there is further notification, it is assumed that the EYU will be abolished from tax year 2020-21 onwards but if there are any further updates, the CIPP will advise members accordingly. An EYU will still be required for years 2013-14 through to 2017-18 but as each of these years becomes out of date, the need for an EYU will reduce.

Back to ***Contents***

Record breaking 10.4 million customers filed Self-Assessment tax returns online

5 February 2020

HMRC has confirmed that a record 10.4 million customers filed their 2018-2019 Self-Assessment tax return online in time for the 31 January 2020 deadline.

It was estimated that approximately 11.7 million customers were due to file their 2018 to 2019 tax returns by 31 January 2020 and 11.1 million taxpayers did so, either online or by submitting the paper forms, with over 700,000 individuals submitting their return on deadline day. The peak hour on that date was between 4pm and 4:59pm when a staggering 56,969 filed their tax returns online. There were also customers who left the task to the very last minute, with 26,562 individuals completing their returns between 11pm tand 11:59pm on Friday 31 January 2020.

Conversely, the figures also highlight that 0.6 million individuals failed to file their tax returns in line with the deadline. There are penalties associated with late tax returns and they increase with time.

- There is an initial £100 fixed penalty which is issued even if no tax liability is due, and regardless of the tax due being paid on time – the penalty is applied due to the fact that the tax return was submitted late
- After a period of three months, additional daily penalties of £10 per day can be charged, up to a maximum of £900
- After a six-month period, a further penalty of whichever is greater of 5%of the tax due or £300 can be applied
- After 12 months, a further 5% or £300 charge can be added – again, whichever figure is greater can be applied
- 5% of the tax unpaid can also be charged on top of all of this at the 30-day mark, after six months and after 12 months

Angela MacDonald, HMRC's Director General for Customer Services, said:

"It's great to see that the majority of customers have submitted and paid their tax returns before 31 January.

While few people enjoy the process it's good to get it out the way and know you have contributed towards our vital public services. I'd like to thank everyone who filed and paid on time, but anyone yet to file or pay should contact HMRC straight away because we are here to help."

Any individuals who have missed the deadline should liaise with HMRC, who will take a lenient approach in circumstances where there is a genuine excuse for late submissions. The penalties are aimed at repeat offenders who continuously fail to complete their tax returns and those individuals who deliberately try to avoid paying tax.

A breakdown of the figures is laid out below:

- 11.7 million Self Assessment returns due
- 11,122,967 returns received by 31 January. This includes expected returns, unsolicited returns and late registrations
- 10,760,043 expected returns received by 31 January (91.82% of returns expected)
- 362,924 unsolicited returns/late registrations (3.26%)
- 958,296 taxpayers missed the deadline (8.18%)
- 702,171 taxpayers filed their returns on 31 January, peak filing hour was 4pm to 4:59pm (56,969 returns received)
- 10,450,542 returns were filed online (93.95% of total filed)

Back to ***Contents***

Scottish Budget 2020-2021 unveiled

7 February 2020

Against a backdrop of controversy, Kate Forbes became the first woman to deliver a budget, and laid out the Scottish government's spending plans for tax year 2020-2021.

Ms Forbes revealed that there will be no increase to any of the income tax rates for the next tax year, but that the basic and intermediate band thresholds would be increased in line with inflation. The higher and top rate thresholds will be frozen and remain unchanged. Ms. Forbes stated that this would mean that Scotland would be the place where people pay the lowest tax in the UK.

Band	Band name	Rate
£12,501 - £14,585	**Starter Rate**	19%
£14,586 - £25,158	**Scottish Basic Rate**	20%
£25,159 - £43,430	**Intermediate Rate**	21%
£43,431 - £150,000	**Higher Rate**	41%
Above £150,000	**Top Rate**	46%

Those earning more than £100,000 will see their Personal Allowance reduced by £1 for every £2 earned over £100,000, in line with current tax rules.

There was also discussion of the fact that this Scottish Budget was being delivered under strange circumstances, and that the Scottish government had been required to make certain assumptions about the Barnett consequentials coming to Scotland, in light of the fact that the UK budget will not be delivered until 11 March 2020. This wasn't without its difficulties, but the budget could not be further delayed and was needed in order to inform councils and give an outline of the levels of spending they could come to expect for the tax year ahead.

A few areas of interest were:

- Funding to establish the Scottish Child Payment expected to help 287,000 children by 2024-2025, costing £162 million.
- £361 million invested in a new and improved Social Security System, which will make approximately £3.4 billion of financial support available to people throughout Scotland
- Pay rise of up to 3% for those working in the public sector who earn £80,000 and below
- £494 million to support government services
- 1% of GDP will be allocated to spend on tackling climate change
- Teachers to receive pay increase of a minimum of 13%, meaning that the starting annual salary for a fully qualified teacher would be £32,994
- £120m for a heat transition deal and capital funding of £151m for energy efficiency infrastructure
- An increase to the proportion of cash going to low carbon initiatives, with £1.8bn in capital investment
- An increase of almost 60% in funding to reduce harm from alcohol and drugs
- Funding of £15 billion for health and care services

The Scottish Budget document in its entirety can be located here.

Back to ***Contents***

HMRC encourages couples and civil partners to claim the Marriage Allowance this Valentine's Day

17 February 2020

HMRC has published a press release urging married couples and those in civil partnerships to claim the Marriage Allowance to earn a Valentine's Day cash boost.

It is estimated that over two million individuals could be missing out on the £250 tax break that arises from claiming the Marriage Allowance, even though more than 1.78 million couples already utilise this benefit. Claims can be backdated for up to four years to April 2015, meaning that individuals could receive up to £1,150.

The Director General for Customer Services at HMRC, Angela MacDonald, said:

"Applying for Marriage Allowance is a quick and easy way for married couples and people in a civil partnership to have £250 or more put back in their pockets.

It's fantastic to see so many couples have already put a few minutes aside to apply, and we hope many more will sign up this Valentine's Day to take advantage of this tax relief."

The Marriage Allowance allows people with an income of £12,500 or less to transfer up to a maximum of £1,250 to their husband, wife or civil partner from their own Personal Allowance, if their income is higher. This will then reduce the relevant individual's tax by up to £250 for the 2020 to 2021 tax year.

If all the following criteria are met, then HMRC customers in England, Wales and Northern Ireland can benefit from the Marriage Allowance:

- They are married or in a civil partnership
- They do not pay income tax or income is below the Personal Allowance (the current standard allowance is £12,500)
- Their partner pays Income Tax at basic rate only, so between £12,501 and £50,000

The criteria differ slightly for customers in Scotland as the partner must pay Income Tax at the starter, basic or intermediate rates, so between £12,501 and £43,430.

HMRC has predicted that four million married couples and 15,000 civil partnerships could benefit from the Marriage Allowance.

Guidance provided confirms that Marriage Allowance claims are automatically renewed each year, so do not need to be submitted annually, but that couples should notify HMRC of any changes to circumstances.

Back to ***Contents***

HMRC publishes rates and thresholds for employers 2020 to 2021

26 February 2020

HMRC has **published** the rates and thresholds for employers to use when operating their payrolls and/or when providing expenses and benefits to employees.

It is important to note that the tax thresholds for the tax year 2020-21 are yet to be officially confirmed, and that they could still potentially change. The official thresholds should be confirmed at the 11 March Budget, so until that point, nothing should be taken as gospel.

At the time of writing, and within HMRC's publication, the tax thresholds for tax year 202-21 remain unchanged from those applied in the current tax year, 2019-20. The other rates included are as follows:

- PAYE tax and Class 1 National Insurance contributions
- Tax thresholds, rates and codes
- Class 1 National Insurance thresholds
- Class 1 National Insurance rates
- Class 1A National Insurance: expenses and benefits
- Class 1A National Insurance: termination awards and sporting testimonial payments
- Class 1B National Insurance: PAYE Settlement Agreements (PSAs)
- National Minimum Wage
- Statutory Maternity, Paternity, Adoption, Shared Parental and Parental Bereavement Pay
- Statutory Sick Pay (SSP)
- Student loan and postgraduate loan recovery
- Company cars: advisory fuel rates
- Employee vehicles: mileage allowance payments

Just a cautionary note - the new publication relating to thresholds for tax year 2020-21 includes the 2019-20 tax thresholds and rates for Scotland but figures for 2020-21 have already been published by the Scottish government. The Advisory Fuel Rates are those effective from 1 December 2019, and not the most recently published ones relating to 1 March 2020. HMRC has been notified in relation to these issues and will hopefully update the page in due course.

CIPP comment

The CIPP would welcome unchanged tax thresholds for the tax year 2020-21 since there is such limited time between the delivery date of the Budget and the new tax year. This is in consideration of the gigantic task for software developers ahead should there be any amendments, along with considerable additional work for payroll professionals.

However, with a new chancellor in place, and the prime minister implying that tax changes may be imminent, there are no guarantees at this moment in time in relation to what will happen in tax year 2020-21.

Back to ***Contents***

P9X: Tax Codes

26 February 2020

The 2020 version of P9X (English and Welsh) are now available for employers which confirms the tax codes to change and which to carry forward for the new tax year on 6 April 2020.

Use P9X to find out which PAYE tax codes to change, how to change them and which codes to carry forward ready for the new tax year.

The document confirms that £12,500 will be the basic personal allowance for the whole of the UK (regardless of devolution), and there are no instructions in relation to a general uplift, as the rate remains unchanged from the current tax year. The CIPP would like to remind members that this threshold could still potentially change.

Note that for tax codes, Scottish taxpayers must be prefixed with S and Welsh resident taxpayers with prefix C.

New employees

Where an employee starts between 6 April and 24 May and provides a P45, follow the instructions at www.gov.uk/new-employee.

Where employers have agreed exemptions from online filing and operate a manual payroll, follow the instructions in the RT7, 'Guidance for employers exempt from filing real time information'.

Leavers

Tax codes do not need to be amended for employees leaving prior to 6 April, even if they will receive pay after that point – the old tax code should be used.

Where there is a payment after leaving, once a P45 has been issued, tax code 0T must be operated on a non-cumulative basis. It would be S0T for employees who had an S prefix in their code, or C0T for employees who had a C prefix in their code.

Employees without a new tax code

Copy the authorised tax code from the 2019 to 2020 payroll record and use for 2020 to 2021 tax year, but do not carry forward any ‘week 1’ or ‘month 1’ markings.

Employees with a new tax code

Retain and use the form P9(T) or other tax code notification with the most recent date on for each employee:

- Scrap any form P9(T) or other tax code notification for the same employee with an earlier date
- Copy the tax code from the form P9(T) or other tax code notification onto payroll record
- Update any tax codes where form P9(T), or other tax code notification, is received after payroll records have been set up

Back to ***Contents***

Advice surrounding the new version of the SSP1 form

3 March 2020

The Department for Work and Pensions (DWP) recently published a new version of the SSP1 form, and some amendments had been made that were surprising to payroll professionals.

One of the unexpected changes related to the fact that there now seemed to be a requirement for SSP1 forms to be completed and distributed in circumstances where employees had less than four days absence relating to sickness. SSP is not payable to employees before the fourth consecutive day of sickness-related absence, and the first three days are classed as waiting days. The reason 'you have been off sick from work for less than 4 days' was not present in part C of the previous SSP1 form but was included on the new version. This addition was worrying for payroll professionals, due to the massive administrative burden for payroll departments if SSP1 forms had to be produced every time an employee was off sick for a period lasting between one and three days.

DWP has confirmed that it will be redrafting the SSP1 form, which will be published in due course. In the interim, employers can continue to use the previous form if the new version does not meet their needs. Alternatively, they can amend the new form, either manually or digitally, to reflect the reason as to why SSP cannot be paid, should the new form not provide the option and it was included on the previous form.

HMRC has also confirmed that there is no requirement to complete an SSP1 form for employees who have had between one- and three-days absence, as it serves no purpose and will only result in additional, unnecessary work for payroll departments.

Back to ***Contents***

Scottish tax rates and thresholds unlikely to operate from 6 April 2020

5 March 2020

Last week, HMRC published the 'rates and thresholds for employers 2020 to 2021', and within the document, the Scottish rates and thresholds were unchanged from those in operation for tax year 2019-20.

This was surprising to some as the Scottish budget, held on 6 February 2020, presented a different set of thresholds for the new tax year. HMRC's Software Developer Support Team (SDST) has now confirmed that this is because it "would not expect the Scottish budget to operate from 6 April 2020."

There has been no further information provided as to when the thresholds proposed at Scottish budget will take effect from, and the advice given is that the operative date will be confirmed in due course.

As soon as there are any further updates, the CIPP will notify its members via News Online.

Back to ***Contents***

Latest advice on Scottish tax threshold changes

16 March 2020

Following on from the Budget on 11 March 2020, and the confirmation that the tax rates and thresholds for tax year 2020-21 remain unchanged for England, Wales and Northern Ireland from those in operation for 2019-20, HMRC has published the 'Rates and thresholds for employers 2020 to 2021.'

Within the document, the Scottish thresholds also remain unchanged from the 2019 to 2020 values, but Scottish Parliament formally signed off the changes to Scottish taxation on 5 March 2020. As the thresholds have been agreed, we would have expected to see the new Scottish thresholds in place in the relevant section on the document.

HMRC's Software Development Support Team (SDST) did confirm that they did not expect to see the new thresholds effective from 6 April 2020 but at a later date that would be confirmed in due course.

It is pleasing to see that the new Advisory Fuel Rates (AFRs) have been updated to include the most recently announced figures applicable from 1 March 2020, as the previous publication only included the figures applicable from 1 December 2019.

The CIPP and payroll professionals will be eager to hear when the new thresholds are intended to take effect from, and as soon as the CIPP has any further updates, we will update our members via News Online.

Back to ***Contents***

HMRC confirms updated Scottish income tax thresholds will be operative from 11 May 2020

18 March 2020

Following on from the CIPP's news article relating to the uncertainty surrounding the updated Scottish income tax thresholds for tax year 2020-21, and when they would become operative from, HMRC's Software Developer Support Team (SDST) has confirmed that they will be required to be in place from 11 May 2020.

All HMRC educational tools, such as any guidance and related products will be updated to reflect the new thresholds from 11 May 2020.

The notice also reiterated the fact that the Employment Allowance is due to increase by £1,000, from £3,000 to £4,000 and that this would take effect from 6 April 2020.

The figures for use and their applicable dates are shown below:

Income Tax Rates – Scotland - 2019-20 rates to be used from 6 April :

Starter rate	19%	1 – 2,049
Basic rate	20%	2,050 – 12,444
Intermediate rate	21%	12,445 – 30,930
Higher rate	41%	30,931 – 150,000
Top rate	46%	150,001 >

Income Tax Rates – Scotland - 2020-21 rates to be used from 11 May :

Starter rate	19%	1 – 2,085
Basic rate	20%	2,086 – 12,658
Intermediate rate	21%	12,659 – 30,930
Higher rate	41%	30,931 – 150,000
Top rate	46%	150,001 >

Intermediaries

Off-Payroll Working in the Private Sector – CIPP/CIPD response

13 August 2018

The CIPP policy team together with the CIPD have submitted a joint response to HM Revenue & Customs and HM Treasury with the findings from their research into proposals that if developed will expand the reach of off-payroll working in to the private sector.

To inform and evidence our response to this consultation, we have:

Published two joint surveys to our members and to the wider HR and payroll profession which ran throughout July and were aimed at:

- HR and payroll practitioners
- HR and payroll contractors.

In addition to the surveys, the following face-to-face events were held to gather anecdotal evidence and views directly:

- CIPD together with IPSE held a workshop of HR/payroll and non-HR/payroll contractors to gain their insights about the off-payroll proposals; and
- CIPP together with representatives from HMRC held a roundtable to gather views of HR and payroll practitioners.

With thanks to all those who responded to our surveys and to those members who took part in these meetings.

Key findings from HR and payroll practitioners

- Over 69% of respondents currently employ the services of an individual/s via an intermediary such as a Personal Service Company
- 59% of respondents currently have limited or no responsibility for determining IR35 status and a further 64% have limited or no responsibility for making payments to contractors captured as a result of an IR35 determination
- 53% of respondents have little or no knowledge of the current rules of IR35 for contractors operating within the private and voluntary sectors
- 42% of respondents know a fair amount or know well about the impact and operation of IR35 within the public sector
- 79% of respondents don't believe they have the capacity, knowledge or resources to deliver the preferred option in the Private and Third sectors.
- Whilst 30% of respondents currently have yet to understand the impact that IR35 private sector reforms would have on them, 45% already know that they would need to expend resources to enlist the support of a third party organisation to assist in making an IR35 determination
- 91% of respondents believe that they will need some level of support from HMRC to determine status with only 9% believing that they would need no support at all from HMRC
- 69% of respondents will require written guidance and specialist knowledge from HMRC
- 55% of respondents believe that a phased delivery of any reform is necessary to ensure widespread awareness and understanding of the ultimate implications
- 82% of respondents have an expectation that contractor charges will increase and 86% have an expectation of increased 'employer costs' and workload (89%) as a result of reform (similar to that of the public sector) being rolled out to the Private and Third Sectors

Key findings from HR and payroll contractors

- 74% of contractor respondents who have used the Check Employment Status for Tax (CEST) tool believe it to be inaccurate
- 64% of contractor respondents anticipate needing professional advice as a result of any reform within the private and third sectors
- 69% of contractor respondents are not confident that their clients will have the capacity, knowledge or resources to be able to make a correct status determination
- 56% of contractor respondents plan to only seek contracts in the private and voluntary sectors in which the off-payroll rules do not apply
- 47% of contractor respondents believe that voluntary and charitable organisations will struggle to deliver IR35 reform with 44% believing that the Construction industry will also struggle significantly

Commenting on the joint response, Charles Cotton, senior CIPD adviser, performance and reward said:

"Based on what both payroll and HR practitioners and contractors have told us, the CIPD and CIPP strongly recommend that changes to the existing off-payroll working rules for engagements in the private sector will need to be implemented gradually to ensure that firms and the industry have enough time to amend their existing processes."

In full agreement of the need to phase any changes in gradually and in recognition of the range of employer size and complexity within the Private Sector, Samantha Mann, CIPP senior policy and research officer highlighted:

"If the 'preferred option' is chosen then HMRC will share significant resource challenges to deliver knowledgeable customer service across all service lines together with information and materials that recognise the differing needs of the increased IR35 customer base."

"Our findings also confirm that whilst the CEST tool is largely seen to be an improvement on its predecessor, before further reform is considered, thorough user evidence research together with a review of how CEST operates and ideally through public consultation, should be carried out so as to increase the number of reliable determinations"

The full consultation response can be found in the Policy hub under My CIPP on our website.

Back to ***Contents***

Reform of off-payroll working rules (IR35) continues

31 October 2018

There were several subjects that were high on the 'predictions' agenda prior to the 2018 Autumn Budget. The continued roll out of off-payroll working into the Private Sector was one of those subjects.

A fact sheet has been published by HMRC to summarise the changes that will come in from 6 April 2020 for medium and large private sector businesses.

HMRC estimates the cost of non-compliance to the exchequer will reach £1.3 billion a year by 2023-24 and by continuing with these reforms, that will require private sector businesses to assess an individual's employment status, compliance will increase.

The reforms will bring the private sector in line with the public sector, where HMRC estimates the reform has already raised £550 million in income tax and NICs in its first year of operation.

The genuinely self employed will not be affected by these reforms and the existing rules will continue to apply to the 1.5 million smallest businesses.

What does the reform mean for businesses?

From 6 April 2020, medium and large businesses will need to decide whether the rules apply to an engagement with individuals who work through their own company.

Where it is determined that the rules do apply, the business, agency, or third party paying the worker's company will need to deduct income tax and employee NICs and pay employer NICs.

Check Employment Status for Tax (CEST) service

HMRC developed the CEST to help businesses determine whether the off-payroll working rules apply. HMRC will continue to work with stakeholders to improve further the CEST service and guidance before the reform comes into effect.

HMRC continues to work with stakeholders to identify improvements to CEST and wider guidance to ensure it meets the needs of the private sector - enhancements will be tested with stakeholders, operational and legal experts before the reform is implemented.

HMRC assurance

The reform is not retrospective and as it has in the public sector HMRC will focus its efforts on ensuring businesses comply with the reform rather than focusing on historic cases.

HMRC will not carry out targeted campaigns into previous years when individuals start paying employment taxes under IR35 for the first time following the reform and businesses' decisions about whether their workers are within the rules will not automatically trigger an enquiry into earlier years.

The reform will not stop anyone working through a company if that suits them, and does not apply to the self-employed

The future

The government will continue to monitor tax receipts as data becomes available

A further consultation on the detailed operation of the reform will be published in the coming months. This consultation will inform the draft Finance Bill legislation, which is expected to be published in Summer 2019.

Geographical extent

CIPP comment

The next meeting of the HMRC IR35 forum is scheduled for the 21 November 2018. Please email CIPP senior policy and research officer Samantha Mann at policy@cipp.org.uk with any comments or concerns that you wish to share on your experience with off-payroll working reforms.

Thank you

Back to ***Contents***

Off-payroll working in the private sector

29 January 2019

Intermediaries legislation (commonly referred to as IR35) was introduced in 2000 as a method of subjecting the pay of individuals to PAYE Income Tax and Class 1 NIC who would, if not for the intermediary they were working through, be employees.

The responsibility for assessing each contract of work lay with the individual working through the intermediary. An Intermediary could be the Personal Service Company (PSC) of the individual delivering the work, but could also be, another person or a partnership – the key issue being that they would be an employee if they were not working through an intermediary.

In 2017, legislation in this space was introduced for individuals working via an intermediary for a public sector body, that placed responsibility for assessing the contract of these workers on the fee payer. Referred to as off-payroll working, it was widely believed that this would also be extended to private sector engagements at some point.

At Budget 2018, following earlier consultation, the government did, as anticipated, announce reforms to the off-payroll working rules in the private sector. The rules seek to ensure that individuals who work like employees but through an intermediary to a client in the private sector will also operate in a similar manner to that operated in the public sector.

From April 2020, where an individual is engaged by a medium or large-sized business and works through an intermediary, the engaging business will become responsible for assessing the individual's employment status. If the rules apply, the business, agency or third party paying the individual's company will be responsible for deducting income tax and NICs through PAYE as for employees, and paying employer NICs. Full details of this latest policy delivery have yet to be finalised and a consultation is due to be published in the coming months.

The employment status of the individual is a key element of consideration as the rules do not apply to the genuinely self-employed. The Check Employment Status for Tax (CEST) service is available to help the engager to determine whether the off-payroll working rules apply. HMRC plan to work with stakeholders over the coming months to improve CEST and associated guidance before the reforms come into effect.

A briefing sheet was published by HMRC as part of Budget 2018. The existing rules will continue to apply for engagements with small businesses. The definition of a 'small business' will be based on the Companies Act 2006 definition of a small company.

CIPP comment
We are waiting for the next stage of consultation to be published which will seek views on the detailed operation of rules in the private sector and although there are still unknowns about the reforms, there is much that we do know as it appears to be the intention that this should broadly be following the path of the public sector reforms. Although the CEST tool will be evolving, getting to know it in its current form could be beneficial. April 2020 is not far away and we would urge employers, if you haven't already, to be preparing and to be having conversations with internal stakeholders and contractors about the processes that will need to be put in place. Good communications are going to be key to a successful delivery of these latest reforms.

Private sector lessons from BBC IR35 off-payroll working rules implementation
Pinsent Masons wrote an interesting article at the end of last year which discusses the valuable lessons for the private sector regarding the BBC's engagement with PSCs (Personal Service Companies).

It is worth a read as the BBC's experience will be relevant to many large and medium sized businesses both as a lesson as to how difficult it can be to apply the new rules and a warning as to what can happen if the implementation goes wrong.

The article also reiterates that although April 2020 seems a long way away, for businesses with large numbers of freelancers engaged through PSCs, establishing systems to ensure compliance with the new rules will be a major exercise and planning needs to start now. Many large businesses have become reliant on using PSCs as off-headcount and off-payroll workforce and changing the cultural assumptions will take time.

The article can be accessed here.

Back to ***Contents***

IR35 Forum minutes published

29 January 2019

The minutes from the 21 November 2018 meeting of the IR35 Forum have now been made available on GOV.UK.

Members of the forum raised a number of concerns regarding the reform to the off-payroll working rules in the private sector from April 2020, including:

- Blanket rulings
- Capacity of the private sector to implement the reform
- Detailed preparation cannot be completed until legislation and guidance have been produced
- Increase in administrative burden for agencies providing workers
- Plans to enhance CEST
- How non-compliance will be dealt with

HMRC did confirm that its aim is to publish draft guidance alongside the draft legislation in the summer.

The minutes and associated documents are all available to view on the IR35 Forum page on GOV.UK.

CIPP comment
The CIPP is a member of the IR35 Forum and Samantha Mann, senior policy & research officer, will be attending the next meeting which takes place on 28 February. If you have anything you would like raised at the forum, please email policy using IR35 as the subject.

Background to the Forum

The IR35 Forum is a group of external stakeholders who meet regularly with HM Revenue and Customs (HMRC). It was established following the government's commitment at Budget 2011 to make clear improvements to the way IR35 is administered. This followed the publication of the Office of Tax Simplification's review of Small Business Tax.

The members of the IR35 Forum include taxpayer representatives and professional advisers with expert knowledge and experience of how the legislation operates in practice and how it affects key taxpayer groups. The IR35 Forum meets quarterly.

Back to ***Contents***

Consultation on off-payroll working rules in private sector from April 2020

6 March 2019

The next stage of consultation has been published on how best to implement the reform to the off-payroll working rules for engagements in the private sector.

Following the announced that the reform to the off-payroll working rules introduced for engagements in the public sector in April 2017 will be extended to the private sector from 6 April 2020, HMRC published a consultation in May 2018 seeking views on how best to address non-compliance with the off-payroll working rules in the private sector. The CIPP ran a joint survey with the CIPD – our consultation response was published in August 2018. The government published a summary of all its responses and a fact sheet in October 2018.

The reform means that from April 2020, where an individual is engaged by a medium or large-sized business and works through an intermediary, the engaging business will become responsible for assessing the individual's employment status. If the rules apply, the business, agency or third party paying the individual's company will be responsible for deducting income tax and NICs through PAYE, as for employees, and paying employer NICs.

This next stage of consultation seeks to ensure the proposed processes are suitable for the large and diverse private sector as well as engagers in the public sector already applying the rules. The consultation asks for views and information on a number of subjects, including:

- the scope of the reform and impact on non-corporate engagers
- information requirements for engagers, fee-payers and personal service companies
- addressing status determination disagreements.

The government understands that many organisations will be keen to begin preparations and has therefore included in the education and support section of the consultation actions that affected organisations can take now to prepare for the reform.

Small companies are out with the scope of the reform and the government intends to use the existing statutory definition within the Companies Act (s.382) to determine whether or not a corporate client is small.

The Companies Act definition states that the qualifying conditions are met by a company in a year in which it satisfies two or more of the following requirements:

1. Annual Turnover - not more than £10.2 million
2. Balance sheet total - not more than £5.1 million
3. Number of employees - not more than 50.

This stage of consultation will close on 28 May 2019.

CIPP comment
In addition to surveying payroll professionals in the coming weeks on this next stage of consultation, the CIPP policy team will also look to hold a think tank roundtable event to discuss the details of implementation. Invites will be sent out to Full, Fellow and Chartered members in due course but in the interim if you would like to lodge your interest to attend this event please email us using 'off-payroll private sector' in the subject box.

Back to ***Contents***

Prepare for changes to the off-payroll working rules (IR35)

17 April 2019

HMRC have published new guidance which aims to help organisations prepare for off-payrolling working within the private sector.

Off-payroll reforms were first delivered in the public sector in April 2017, these latest reforms will see them being rolled out to medium and large business as from April 2020. Any changes that are introduced as a result of the recent consultation will also impact public sector organisations.

The guidance suggest that organisations start to prepare now by:

How to prepare:

- Look at your current workforce (including those engaged through agencies and other intermediaries) to identify those individuals who are supplying their services through PSCs.
- Determine if the off-payroll rules apply for any contracts that will extend beyond April 2020. The HMRC Check Employment Status for Tax service can be used to do this.
- Start talking to contractors about whether the off-payroll rules will apply to their role.
- Put processes in place to determine if the off-payroll rules apply to future engagements which might include considering who within the organisation should make a determination and how payments will be made to contractors who are considered to fall within the off-payroll rules.

More detailed IR35 guidance can be found in the Business Tax section of Gov.UK

CIPP comment
The CIPP is disappointed that HMRC has issued its preliminary guidance more than a month before the government consultation looking at the scope of the reforms, along with the impact on non-corporate engagers has closed.

We can only remain hopeful that this preliminary guidance is simply a starting point in raising awareness of the rule changes amongst the private sector and is not in any way pre-judging the outcome of the consultation.

The CIPP's policy team has produced a survey based on the consultation document and this will be issued within the next few days. We would encourage all members working in the private sector to set aside time to complete this survey once it is published. The policy team will be holding a think tank roundtable in Manchester in May, invitations will be sent to all full, fellow and chartered members. Please check your preferences to ensure that you are able to

receive these notifications. To notify the team of your interest to attend please contact Samantha Mann, senior policy and research officer by email to policy@cipp.org.uk.

Back to ***Contents***

CIPP survey off payroll working rules from April 2020

23 April 2019

The CIPP policy team have produced a survey to collect views about the proposed rules for operating off-payroll working as from April 2020.

The CIPP policy team have produced a survey to collect views about the proposed rules for operating off-payroll working as from April 2020, the survey responses together with anecdotal evidence provided at the Policy think tank roundtable will support the CIPP written response.

Background

The rules will apply to medium and large organisations in the private sector and any changes to the earlier reforms currently in operation within the public sector will also be updated so as to ensure consistency across sectors. Intermediaries legislation (commonly referred to as IR35) was introduced in 2000 as a method of subjecting the pay of individuals to PAYE Income Tax and Class 1 NIC who would, if not for the intermediary they were working through, be employees.

The responsibility for assessing each contract of work lay with the individual working through the intermediary. An Intermediary could be the Personal Service Company (PSC) of the individual delivering the work, but could also be, another person or a partnership – the key issue being that they would be an employee if they were not working through an intermediary.

In 2017, legislation in this space was introduced for individuals working via an intermediary for a public sector body which placed responsibility for assessing the contract of these workers on the fee payer. Referred to as off-payroll working, it was widely believed that this would also be extended to private sector engagements at some point.

Consultation

- Defining the scope of the reform
- Information requirements
- Determining the correct status
- Pension contributions
- Education and support

Whilst we have provided a small amount of information within each survey section we would strongly recommend that you read the consultation document or have it alongside you to refer to as you proceed through the survey.

HMRC have also published some early information to help affected organisations begin to prepare for change and one of the suggestions is to 'Put processes in place to determine if the off-payroll rules apply to future engagements. *These might include who in your organisation should make a determination and how payments will be made to contractors within the off-payroll rules.*

We know from talking to our public sector members that good communications between affected departments is vital to the successful delivery of the reforms and you may find a combined response to this survey helpful as many of the questions address areas of responsibility that might not be relevant to your day to day operations.

Thank you in advance for your responses to this survey which will close on 17 May 2019.

CIPP comment

The policy team will be holding a think tank roundtable in Manchester in May, invitations will be sent to all full, fellow and chartered members. Please check your preferences to ensure that you are able to receive these notifications. To notify the team of your interest to attend please contact Samantha Mann, senior policy and research officer by email to policy@cipp.org.uk.

Back to ***Contents***

Off-payroll working in the public sector – information for agents

1 May 2019

An update has been made to the agent's guide on off-payroll working in the public sector to clarify how the accounts of intermediary Personal Service Company should be prepared.

The amendment adds to and updates an earlier Technical Note published at Autumn Statement 2016. It is intended to help agents and others providing advice to contractors who carry out work for a public authority client whilst working through an intermediary (normally their own company) or a Managed Service Company (MSC). The main focus of the note is the implications for Personal Service Companies (PSCs) but the same rules will generally apply where the intermediary is an individual, or a partnership.

The update is within section 13 as follows:

Accounts of the intermediary PSC

HMRC will accept accounts that have been prepared under either a gross or net receipt basis since the tax result is the same. But preparers of the accounts will need to consider the most suitable approach to ensure the financial statements are prepared in accordance with UK GAAP.

The example above (section 8) uses a net accounting method. The net amount is the amount remaining after the tax and NICs have been deducted. From an invoiced amount of £7,200 the fee payer would pay an amount of £5,329 to the PSC. This included an amount of VAT (£1,200) so the corporate accounts would reflect the VAT exclusive amount of £4,129 in the calculation of turnover for Corporation Tax purposes.

Under a gross accounting method, the gross amount before tax and NICs is accounted for as turnover, and the PSC will have an expense debit to write off a part of the debtor balance that it will not receive. Using the figures in the above example again, the corporate accounts would reflect the VAT exclusive amount of £6,000 in the calculation of turnover for Corporation Tax purposes. A write off of £1,871 would be needed in the accounts to reflect the income tax and NICs deducted by the fee payer.

For full details, see - Off-payroll working in the public sector: reform of the intermediaries legislation - information for agents.

Back to ***Contents***

IR35 Forum minutes published

9 May 2019

The minutes from the 28 February 2019 meeting of the IR35 Forum have now been made available on GOV.UK.

Some of the topics under discussion and action points include:

- Off-payroll reform - Forum members to respond to HMRC's invitation to participate in discussions on CEST enhancements.

- Mutuality of Obligation (MoO) Discussion Paper - Members to submit comments on draft MoO paper by 7 June 2019. HMRC to prepare updated MoO paper by next meeting.
- Concerns about non-compliant intermediaries
- Update on set-off in settlement cases - Forum members to send comments on slide pack on settlements and overpayment relief guidance by 7 June 2019.

The full minutes and associated documents are all available to view on the IR35 Forum page on GOV.UK, as are archived minutes from previous years.

The CIPP is a member of the IR35 Forum and Samantha Mann, senior policy & research officer, will be attending the next meeting which is due to take place on 11 July. If you have anything you would like raised at the forum, please email policy using IR35 as the subject.

CIPP comment
In addition to our survey on the consultation on off-payroll working rules in the private sector from April 2020 (closes 17 May so still time to respond if you haven't already).

We are also hosting a Roundtable Think Tank on Thursday 16 May in Manchester and have a couple of places available. Invitations were issued to all CIPP Full, Fellow and Chartered members but if for some reason you did not receive an invite and would like to attend then please contact Samantha Mann, senior policy and research officer, by email to policy.

Background to the Forum

The IR35 Forum is a group of external stakeholders who meet regularly with HM Revenue and Customs (HMRC). It was established following the government's commitment at Budget 2011 to make clear improvements to the way IR35 is administered. This followed the publication of the Office of Tax Simplification's review of Small Business Tax.

The members of the IR35 Forum include taxpayer representatives and professional advisers with expert knowledge and experience of how the legislation operates in practice and how it affects key taxpayer groups. The IR35 Forum meets quarterly.

Back to ***Contents***

CIPP response to consultation on off-payroll working from 2020

30 May 2019

The CIPP has submitted its formal response to the latest stage of consultation on how best to implement the reform to the off-payroll working rules for engagements in the private sector from April 2020.

Our response aims to provide a summary of quantitative results taken from our survey that ran throughout April and May to gather responses from CIPP members and other payroll tax professionals to the consultation questions. We also held a think tank roundtable on 16 May 2019 and our response incorporates views and experiences shared by members in attendance.

CIPP response to consultation on Off-payroll working rules from April 2020

Consultation on Off-payroll working rules from April 2020

Back to ***Contents***

CIPP webcast - off-payroll working in the private sector from April 2020

5 June 2019

Diana Bruce, CIPP Senior Policy Liaison Officer, covers key changes proposed in the latest consultation and looks at the practical application of the new rules for off-payroll working in the private sector from April 2020.

This webcast will also be useful for anyone in the public sector as any changes brought in for the private sector will apply equally to engagements in the public sector from April 2020.

The CIPP response to the latest consultation is referred to in the webcast; this can be accessed here or in the consultation area of the CIPP policy hub.

Back to ***Contents***

Finance Bill 2019-20 confirms start date for private sector off-payroll

12 July 2019

The Government has published 2019-20 Finance Bill draft legislation and measures which confirm that the reforms to off-payroll working in the private sector for medium and large businesses will come into effect from April 2020, as previously announced.

The reform will make organisations responsible for determining whether the existing rules apply to the contractors they hire and ensuring the necessary employment taxes are paid.

This measure will have effect for contracts entered into, or payments made, on or after 6 April 2020.

As announced at Budget 2018, outside the public sector, this change will only apply to medium and large-sized organisations. The draft legislation makes clear when non-public sector organisations, including unincorporated organisations, will be considered to be small and therefore not within the scope of the reform.

The draft legislation also includes provisions to ensure that all parties in the labour supply chain are aware of the organisation's decision and the reasons for that decision, and will introduce a statutory, client-led status disagreement process to allow individuals and fee-payers to challenge the organisation's determinations.

Legislation has been introduced in the Finance Bill 2019 to amend ITEPA 2003 and relevant National Insurance contributions regulations, so that where an individual works for a medium or large-sized engagers outside of the public sector, through their own PSC and falls within the rules, then:

- the party paying the worker's PSC (the 'fee-payer') is treated as an employer for the purposes of Income Tax and Class 1 National Insurance contributions
- the amount paid to the worker's intermediary for the worker's services is deemed to be a payment of employment income, or of earnings for Class 1 National Insurance contributions for that worker
- the party paying the worker's intermediary (the 'fee-payer') is liable for secondary Class 1 National Insurance contributions and must deduct tax and National Insurance contributions from the payments they make to the worker's intermediary in respect of the services of the worker
- the person deemed to be the employer for tax purposes is obliged to remit payments to HMRC and to send HMRC information about the payments using Real Time Information (RTI).

HMRC consulted on the detail of the reform between 5 March and 28 May 2019 and in April 2019 published guidance on the actions engagers can take to prepare for the reform. The guidance on how to prepare still applies:

- Look at your current workforce (including those engaged through agencies and other intermediaries) to identify those individuals who are supplying their services through PSCs.
- Determine if the off-payroll rules apply for any contracts that will extend beyond April 2020. The HMRC Check Employment Status for Tax service can be used to do this.
- Start talking to contractors about whether the off-payroll rules will apply to their role.
- Put processes in place to determine if the off-payroll rules apply to future engagements which might include considering who within the organisation should make a determination and how payments will be made to contractors who are considered to fall within the off-payroll rules.

The Government is seeking feedback from experts and stakeholders on the draft legislation for inclusion in Finance Bill 2019. HMRC will also begin roll out of its education and support package over the summer.

Further information

- CIPP half day training course on Employment status and modern employment practices
- CIPP webcast on off-payroll working in the private sector from April 2020
- More detailed IR35 guidance can be found in the Business Tax section of GOV.UK.
- HM Treasury updated Factsheet

Back to ***Contents***

Off-payroll working flag aims to reduce unnecessary prompts

2 August 2019

The PAYE project update for 2020-21 includes the welcome news that Payroll Software will be required to include an indicator that when used, will ensure that an off-payroll worker is identified to HMRC.

Some payroll software will already include an indicator to ensure that their clients experience of using the software is improved, however this indicator doesn't currently update HMRC as HMRC systems would not identify it.

From April 2020 the indicator will ensure that HMRC no longer issues unnecessary employer prompts when student loan deductions are not made to the off-payroll worker pay. Off-payroll working reforms affect Income Tax and NICs only, no other element of pay is affected.

Summary of tax year 20-21 projects for software developers provides full details together with a summary of other changes due for the 2020-21 tax year.

CIPP comment
This is a welcome and long overdue improvement which we hope will go a long way to reduce unnecessary burden for organisations who employer the services of an individual who is in repayment of Student Loans.

Back to ***Contents***

Off-payroll working from April 2020 – new guidance

27 August 2019

A number of new guides and revised guides have been published to help educate and support organisations through the extended reform of the off-payroll working rules to all sectors from April 2020.

On 11 July 2019 draft legislation, an explanatory note and a summary response document were published on GOV.UK, and confirm that the reforms to off-payroll working in the private sector for medium and large businesses will, as previously announced, come into effect from April 2020.

The reform will make organisations responsible for determining whether the existing rules apply to the contractors they hire and ensuring the necessary employment taxes are paid.

The Government announced that an education and support package would be provided to the affected organisations and new and revised user guides providing help and support in implementing the measure have now been published.

Government has worked with stakeholders to produce guides written from a user perspective to guide the user through the legislative changes that affect them. Further guidance will be published later in the year.

Work is continuing with stakeholders on the enhancements to the Check Employment Status for Tax (CEST) tool which will be available before the end of the year.

New guides

April 2020 changes to off-payroll working for clients

April 2020 changes to off-payroll working for intermediaries

Off-payroll working for agencies

Fee-payer responsibilities under the off-payroll working rules

Revised guidance

Prepare for changes to the off-payroll working rules (IR35)

Working through an intermediary (IR35)

Understanding off-payroll working (IR35)

Public sector off-payroll working for clients

Public sector off-payroll working for intermediaries

Private sector off-payroll working rules for intermediaries

Private sector off-payroll working for clients

How to calculate the deemed employment payment

CIPP comment
Your views and comments on the new and revised guidance would be most welcome. We will take any responses to HMRC at the next IR35 forum (29 August) for consideration. Please email us at policy using 'Off-payroll working guidance' as the subject.

Any views or comments on the draft legislation are due by Thursday 5 September and can be sent to HMRC at this email address.

Back to ***Contents***

Off-payrolling working rules from April 2020

4 September 2019

HMRC is running a webinar on Friday 20 September which covers the reform to off-payroll working rules from April 2020.

The off-payroll reforms that were rolled out to the public sector in 2017 will be extended to medium and large engagers in all other sectors from April 2020.

As one of its regular 'Talking Points' meetings, HMRC will be covering the changes, including guidance and tips to help you understand the tax implications.

There are a limited number of spaces, so save your place now.

Register here to join the webinar on Friday 20 September from 2pm to 3pm

Off-payroll working rules from April 2020
The government will be reforming the operation of the off-payroll working rules from April 2020. The reforms which were successfully introduced into the public sector in 2017 will be extended to all sectors, making medium and large organisations and agencies responsible for ensuring the contractors they engage pay the right tax and NICs. The consultation on this reform ran from 5 March to 28 May 2019. Draft legislation, an explanatory note and a summary consultation response document were published on 11 July 2019 and can be found here. Comments are asked for via email by 5 September 2019.

Businesses can prepare for reform by:

- Identifying and reviewing their current engagements with intermediaries, including personal service companies and agencies that supply labour to them;
- Reviewing their current arrangements for using contingent labour, particularly within the organisation functions that are more likely to engage off-payroll workers;
- Putting in place comprehensive, joined-up processes, for example assessing roles from a procurement, HR, tax and line management perspective, to ensure consistent decisions about the employment status of the people they engage; and
- Reviewing internal systems, such as payroll software, process maps, HR and on-boarding policies to see if they need to make any changes.

HMRC will also provide organisations with education, guidance and support to make sure they have the tools to make the right determination. Online guidance will be available from late summer 2019. A series of education events is planned including webinars, workshops and one to one engagement with the largest employers.

HMRC is currently working with stakeholders to enhance the Check Employment Status for Tax (CEST) tool, including improvements to clarity and accessibility and additional guidance to make it easier for customers to use. There will also be more questions to cover a wider range of working practices. HMRC will continue to stand by the results of the existing service where it has been used in accordance with its guidance.

CIPP Payroll training courses

The CIPP offer a half-day training course on Employment status and modern employment practices which includes off-payroll working.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

CIPP webcast: Off-payroll working from April 2020

16 September 2019

Draft legislation brings in a new statutory requirement for a Status Determination Statement to be issued by all public sector businesses and medium and large private sector businesses that fall under the new off-payroll rules from April 2020.

In June we published a webcast on the new off-payroll working rules, due to come into force in April 2020, which looked primarily at the spring consultation proposals. Since then draft legislation has been published under the Finance Bill and also the government's response to the spring consultation, which together provide more detail about the design of the reform and the obligations on different parties within the public, private and third sectors, that fall under the new rules.

In this 25-minute webcast, Diana Bruce, CIPP Policy & Research, covers the key changes (including the new statutory requirement for a Status Determination Statement) that will be brought in by the draft legislation (when enacted) and looks at the practical application of the new rules for off-payroll working in the public, private and third sectors from April 2020.

Back to ***Contents***

Off-payrolling working rules from April 2020

25 September 2019

HMRC is running a webinar on Tuesday 12 November which covers the reform to off-payroll working rules from April 2020.

The off-payroll reforms that were rolled out to the public sector in 2017 will be extended to medium and large engagers in all other sectors from April 2020.

As one of its regular 'Talking Points' meetings, HMRC will be covering the changes, including guidance and tips to help you understand the tax implications.

There are a limited number of spaces, so save your place now.

Register here to join the webinar on Tuesday 12 November from 1pm to 2pm.

Off-payroll working rules from April 2020
The government will be reforming the operation of the off-payroll working rules from April 2020. The reforms which were successfully introduced into the public sector in 2017 will be extended to all sectors, making medium and large organisations and agencies responsible for ensuring the contractors they engage pay the right tax and NICs. The consultation on this reform ran from 5 March to 28 May 2019. Draft legislation, an explanatory note and a summary consultation response document were published on 11 July 2019 and can be found here. Comments are asked for via email by 5 September 2019.

Businesses can prepare for reform by:

-
- Identifying and reviewing their current engagements with intermediaries, including personal service companies and agencies that supply labour to them;
- Reviewing their current arrangements for using contingent labour, particularly within the organisation functions that are more likely to engage off-payroll workers;
- Putting in place comprehensive, joined-up processes, for example assessing roles from a procurement, HR, tax and line management perspective, to ensure consistent decisions about the employment status of the people they engage; and

- Reviewing internal systems, such as payroll software, process maps, HR and on-boarding policies to see if they need to make any changes.

HMRC will also provide organisations with education, guidance and support to make sure they have the tools to make the right determination. Online guidance will be available from late summer 2019. A series of education events is planned including webinars, workshops and one to one engagement with the largest employers.

HMRC is currently working with stakeholders to enhance the Check Employment Status for Tax (CEST) tool, including improvements to clarity and accessibility and additional guidance to make it easier for customers to use. There will also be more questions to cover a wider range of working practices. HMRC will continue to stand by the results of the existing service where it has been used in accordance with its guidance.

CIPP webcast
In this 25-minute webcast, Diana Bruce, CIPP Policy & Research, covers the key changes (including the new statutory requirement for a Status Determination Statement) that will be brought in by the draft legislation (when enacted) and looks at the practical application of the new rules for off-payroll working in the public, private and third sectors from April 2020.

CIPP Payroll training courses
The CIPP offer a half-day training course on Employment status and modern employment practices which includes off-payroll working.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

PAYE: Off-working payroll from April 2020 & getting ready for Brexit

8 October 2019

HMRC will be hosting webinars on two of the most important upcoming changes, to be delivered throughout various dates in October & November.

One webinar deals with the effect that Brexit will have on trade between the UK and the EU and advice for those who wish to continue with the exchange of goods

Choose a date and time to attend the webinar.

The other webinar addresses off-payrolling working rules from next tax year and will look at the reforms being introduced to include medium and large sized private sector businesses and any amendments to current public sector rules.

Choose a date and time to attend the webinar.

CIPP Payroll training courses

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

Back to ***Contents***

HMRC assemble dedicated teams to assist businesses affected by IR35 reforms

23 October 2019

The Financial Secretary to the Treasury and Paymaster General, Jesse Norman, has confirmed that HMRC has planned to provide support for companies that will be affected by the upcoming IR35 reforms. One-to-one support will be provided to approximately 2,000 of the largest businesses in the UK, whilst 15,000 medium-sized businesses can expect to receive direct communications concerning the topic. The aim is to provide education and guidance around the new rules that appear to be the source of much confusion for engagers.

The draft legislation surrounding the reforms is primarily focused on where the responsibility lies for establishing whether a contractor is classed as 'inside IR35' or not. Historically, contractors in the private sector would make this decision themselves but from April 2020, any private engagers that are not classed as 'small' will see the obligation shift to them. Businesses appear to be increasingly concerned about the whole process of issuing a Status Determination Statement (SDS) and the Client-Led Status Disagreement Process, so the news that HMRC is creating teams to provide guidance should be embraced by UK businesses.

There is already a wealth of information and guidance relating to the new rules for off-payroll working from April 2020. A collection of guides has been published on Gov.UK and are available for public viewing.

CIPP Webcast

Listen to this 25-minute webcast where Diana Bruce, CIPP Policy & Research, covers the key changes (including the new statutory requirement for a Status Determination Statement) that will be brought in by the draft legislation (when enacted) and looks at the practical application of the new rules for off-payroll working in the public, private and third sectors from April 2020.

CIPP Payroll training courses

The CIPP also offer a comprehensive half-day course, Off-payroll working and other employment status considerations. This explores assessing employment status, right to work and also the upcoming reforms to IR35. The next course is in London on 4 December 2019.

Back to ***Contents***

Christa Ackroyd loses IR35 appeal against HMRC

29 October 2019

TV presenter Christa Ackroyd has lost her appeal against HMRC relating to an underpayment of tax and National Insurance.

Ackroyd is a British presenter and journalist who was classed as self-employed during the period of 2001-2013 in which she worked for the BBC on the show 'Look North'. She was paid for her services via a Personal Service Company (PSC) but it has been concluded that she should have been treated and paid in the same manner as an employee, which has resulted in her receiving a substantial tax bill relating to this period of employment.

The main counter to the journalist's appeal was that she would have been classed as employed had she provided her services directly to the client, without the involvement of a PSC and that the BBC dictated what Christa worked on and when and exerted high levels of control around her work, much like the treatment of someone with deemed employee status. She contested a previous ruling which stated that she would have to pay over £400,000 in relation to underpaid tax, but she has lost the appeal and must pay what she owes across to HMRC.

Back to ***Contents***

Improved CEST tool to assist with IR35 reforms announced

24 October 2019

Further to the announcement from Jesse Norman earlier this week that HMRC would be deploying extra resource to assist with the implementation of the IR35 reforms from April 2020, HMRC itself has confirmed this and also advised that there will be an updated check employer status for tax (CEST) tool available.

The CEST tool is an online resource that assists with determining if a worker is deemed as having employment status which, in turn, dictates tax and NI implications. In considering the new IR35 Off-payroll Working rules potentially coming to fruition in April 2020, HMRC has advised that there will be a newer version of the tool published prior to the end of this calendar year.

This will be welcome news to employers who are seemingly growing increasingly concerned about the new rules, as this should aid with the creation of Status Determination Statements (SDS). The SDS provides the outcome of whether a worker is classed as 'inside IR35' and must be presented to the worker and all affected parties within a labour chain as part of the upcoming reforms. One requirement of the SDS is that the decision needs to have been established by demonstrating that 'reasonable care' was taken to arrive at the decision, otherwise the engager could potentially be liable for the worker's tax, in addition to having to pay the employer's National Insurance and Apprenticeship Levy figures. Correctly using the CEST tool could be perceived as exercising 'reasonable care' so the validity and accessibility of the tool are crucial.

The tool was introduced in 2017 and consists of several multiple-choice questions which provide an end result as to whether somebody is classed as having employment status or not. HMRC accepts the outcome of the tool, providing that the answers provided to the questions are accurate and that the tool has been utilised correctly. It was tested against case law and has provided determination in 85% of uses, however there are more complicated scenarios in which HMRC is providing further support and guidance to establish the outcome. HMRC liaised with more than 300 stakeholders to receive feedback on how the new tool should work, and the enhanced version is expected to be made available before the end of the year. In the interim, the current CEST tool will be available and the results will be accepted, so engagers should continue to use it in relation to Status Determination Statements.

CIPP comment

The CIPP's policy team, along with several of our members, have been involved in the testing of the CEST tool and have provided feedback as to how it could be improved. Although there are still some questions which cause us concern, there is no doubt that the new CEST tool is an improvement on the current version, but we are still hopeful that HMRC will take on board our additional comments which we believe will improve it even further.

Employers should remember that use of the CEST tool is not mandatory in order to determine status- it is simply one option open to them.

Back to ***Contents***

TV presenter, Helen Fospero wins against HMRC in the latest IR35 case

7 November 2019

Helen Fospero, an ITV morning presenter, has won a Tribunal against HMRC in the latest of a series of IR35 cases. Fospero worked for ITV through her limited company, Canal Street Productions Ltd, in tax years 2012-13 and 2013-14.

She was handed a tax bill of approximately £80,000 which a Tribunal has ruled isn't valid as she was not classed as being 'inside IR35' for the engagements during this period. This was because she worked several short-term engagements but was not guaranteed, and there was no obligation to provide, further work. Nor was she expected to accept further work, resulting in the definition that she was self-employed. It was also observed that she provided external work during this time and wasn't always working exclusively with ITV.

The case is the latest to cast aspersions on the reliability of the Check Employment Status for Tax tool. It once again highlights how important mutuality of obligation is and shows the gravity attached to making incorrect judgements on the element of employment status. HMRC maintains that there can never be a contract where there is no mutuality of obligation and so has omitted any questions relating to this from the tool.

This is the latest in a stream of cases where IR35 has been the subject of debate and serves as a further reminder that there are only slight nuances between individuals who are deemed as being 'inside IR35' and those who are deemed as not. Christa Ackroyd, a fellow TV presenter, lost her battle against HMRC on the grounds of IR35 as it was asserted that she held employment status during her presenting engagements, as did the three presenters for the BBC that recently lost their case. Lorraine Kelly is another high-profile individual who won her case against HMRC on the grounds of IR35, and coincidentally, Fospero was expected to provide temporary one-off cover for Kelly when she wasn't available.

CIPP comment

The fact that there has been so many cases relating to IR35 and that there have been decisions that have fallen on both sides of the argument reiterates how important it is to get Status Determination Statements correct, and ensure that relevant individuals within organisations are prepared for the reforms to off-payroll working that will be put into practice from April 2020. The CIPP is offering both webinars and half-day training courses to help assist with the tasks that many employers and payroll professionals are professing to finding daunting in relation to the off-payroll working reforms.

Back to ***Contents***

Contractors opting for PAYE ahead of IR35 reforms to private sector

14 November 2019

Accountancy Age reports that a number of accountants have confirmed that their services are no longer required by some private sector clients, who are choosing to go PAYE ahead of the April 2020 IR35 reforms.

The CIPP has reported extensively on the rollout of off payroll working rules that currently operate in the public sector to the private sector in cases where the engaging company is not deemed as being 'small'. There are no concrete figures relating to the number of contractors who will proceed under PAYE as a result of these reforms but the fact that large banking groups, such as Lloyds, have confirmed that they will not employ contractors in the future provides an insight into how many contractors this could potentially affect.

There are many who oppose the new reforms and thousands of people have backed campaigns calling for the extension of IR35 rules to be stopped. Anthony Sherick, from Contractor UK commented "The Government, now more

than ever, need to endorse and encourage the use of flexible working and developing niche skills in the economy. An immediate halt to the new rules in the private and public sector would be a great help."

There are still many questions circulating regarding the issue of off payroll working reforms. Many professional bodies and individuals who will be affected by the changes assert that HMRC needs to publish guidance that is significantly clearer and more concise. This guidance needs to be universally accessible, understandable and free from complex jargon.

There have been numerous recommendations for HMRC to amend the Check Employment Status for Tax (CEST) tool, and to include of a question that addresses mutuality of obligation, which does not currently appear. The fact that a general election is soon to take place has also prompted many to request at least a delay on the rollout of these changes to ensure that nothing is rushed, and everything is implemented correctly.

CIPP comment

The CIPP is offering both webinars and half-day training courses surrounding the topic of IR35 / off-payroll working. It is essential for businesses to acquaint themselves with details and guidance surrounding the reforms rapidly approaching in April 2020 so that they are fully prepared when it does arrive.

Back to ***Contents***

IR35 advice – if it looks too good to be true, it probably is!

25 November 2019

The CIPP, with its responsibility to guide and lead the payroll profession, has noticed that there has been an increase in the number of umbrella companies approaching businesses ahead of the IR35 / off-payroll working rules that will be introduced in April 2020.

This is a key topic at present, having received much attention and being placed at the centre of many discussions and debates. A growing number of contractors and their engagers are concerned about the effect that the new rules may have, which could potentially leave them vulnerable and open to suggestions that they would not normally consider. As when the legislation was introduced in the public sector, there has been a surge in umbrella companies approaching businesses and offering advice around maintaining the earnings levels of contractors and to keep employer liability charges low. Businesses should be wary of following any of this advice.

There have been several reports of unscrupulous umbrella companies suggesting that contractors could be paid partially via payroll to satisfy the new laws, but then could have the remainder of their pay via a loan scheme. There are others who appear to be promoting travel and subsistence schemes.

Within the payroll sphere, if anything appears too good to be true, then it more than likely is, and this is a sentiment that ripples through all aspects of payroll. Businesses should be cautious of entering into this type of arrangement and consider seeking legal advice if they are at all unsure.

CIPP comment

The CIPP is aware of the implications that the new IR35 reforms will have, both on contractors and their end engagers. To help individuals prepare, we are offering both a webinar and a half-day training course providing information on the topic. The next webinar is running on 9 December 2019 and the next available course is being held on 11 December 2019 in Manchester.

Back to *Contents*

HMRC guidance on IR35 reforms confirms that previous tax years will not be investigated where there is no suspicion of fraud

25 November 2019

With IR35 / off-payroll working reforms dominating so much of the news, and contractors worrying about its potential implications, guidance published by HMRC will prompt widespread relief from affected parties.

A HMRC issue briefing confirmed "HMRC has taken the decision that they will only use information resulting from these changes to open a new enquiry into earlier years if there is reason to suspect fraud or criminal behaviour". This means that there will be no punishments or additional fees for contractors if they have genuinely misinterpreted whether they are classed as 'inside IR35' or not and there will be no repercussions for them in relation to previous tax years. The new legislation will simply apply to them from the beginning of the new tax year should their engager not be deemed as being small.

It does signify, however, that if a contractor has knowingly falsely classified themselves as not being 'inside IR35' when they should have been, and so should have been processed via payroll then there may be some investigation into previous tax years and potentially consequences.

CIPP comment

The CIPP is aware of the implications that the new IR35 reforms will have, both on contractors and their end engagers. To help individuals prepare, we are offering both a webinar and a half-day training course providing information on the topic. The next webinar is running on 9 December 2019 and the next available course is being held on 11 December 2019 in Manchester.

Back to *Contents*

Update to Check Employment Status for Tax (CEST) tool section of Employment Status Manual

26 November 2019

There has been an update to the Check Employment Status for Tax (CEST) tool pages of the Employment Status manual on the Gov.UK website. Many are hoping that this could mean that the new tool will be released shortly, in line with the government's pledge to publish an improved version prior to the end of 2019.

The CEST tool is designed to assist in establishing whether a worker should be classed as employed or self-employed for tax purposes. It consists of several questions which serve to determine how a worker should be classified. HMRC says that it will stand by the outcome of the CEST tool in circumstances where it has been used correctly.
There have been many requests for the CEST tool to be updated to include a question surrounding the topic of mutuality of obligation but HMRC says that all contracts have mutuality as otherwise no contract would exist, and so dispute the requirement for this inclusion. It is more than likely that the revised tool will still not reference mutuality of obligation. There is great support for the introduction of a new tool, however, and many are anxious to see how it will look and what amendments will have been made.

As most of our members will be aware, there will be new laws relating to IR35 / off-payroll working introduced in the private sector in April 2020. The rules are already currently in place in the public sector. A brief overview of the reforms is that for any engagers who are not deemed as being small, the responsibility for determining if a worker is classed as 'inside IR35' or not is moving from the contractor to the engager. If a worker is 'inside IR35' then the engager must process them through payroll and deduct the appropriate liabilities. The CEST tool can be used to show how an individual has arrived at a decision as to whether somebody is classed as 'inside IR35' or not.

As soon as the new tool is published, the CIPP will notify its members via News Online. HMRC has confirmed that, during the interim, the original tool can be used to make decisions surrounding employment status and they will be honoured providing the tool has been used correctly. This will be the case until the new tool is made available.

CIPP comment

The CIPP is aware of the implications that the new IR35 reforms will have, both on contractors and their end engagers. To help individuals prepare, we are offering both a webinar and a half-day training course providing information on the topic. The next webinar is running on 9 December 2019 and the next available course is being held on 11 December 2019 in Manchester.

Back to ***Contents***

Updated Check Employment Status for Tax (CEST) tool published

26 November 2019

HMRC has released the new Check Employment Status for Tax (CEST) tool and it is now available to use online.

The update note attached to the tool states that it "has been updated so if you do not know the worker, the tool will not ask questions about their circumstances". Many have been eagerly awaiting the new version of the tool and HMRC has honoured its pledge that it would be available at some point before the end of the current year.

The tool can be accessed here.The Employment Status Manual is an invaluable guide for use alongside the CEST tool which will assist users in navigating and understanding it, therefore ensuring that it is being used correctly.

CIPP comment

The CIPP would like to thank its members for their input into the research and testing of the CEST tool, which would have undoubtedly factored in the creation of the new tool. If there are any issues with the operation of the tool on a technical level, please don't hesitate to contact the Policy team as we are always receptive to the feedback of our members.

Back to ***Contents***

What the political parties are saying in relation to IR35 reforms

3 December 2019

In less than a fortnight, we will be voting to elect a new government and each political party is working tirelessly to attempt to secure votes, releasing manifestos and lobbying to win support up and down the country.

A big area of discussion relates to the upcoming IR35 / off-payroll working reforms proposed for April 2020. The Liberal Democrats addressed this in their manifesto, by stating that they would:

"End retrospective tax changes like the loan charge brought in by the Conservatives, so that individuals and firms are treated fairly, and review recent proposals to change the IR35 rules."

The Scottish National Party (SNP) also pledged to assess the new legislation in their manifesto, promising that there would be:

"A review of the tax rules around intermediaries – known as the IR35 tax rule - and problems with implementation of the Loan Charge."

The Labour party manifesto made no explicit reference to IR35 but Labour's shadow small business minister, Bill Esterson initially advised that the party would abolish the extension to the reforms should they be elected. He has since retracted this statement but confirmed that there would be a review of the current plans to roll out IR35 legislation to the private sector.

The Chancellor of the Exchequer, Sajid Javid has confirmed that the Conservative party will review IR35 should they be re-elected. He stated:

"I want to make sure that the proposed changes are right to take forward.

We've already said that we're on the side of self-employed people. We will be having a review and I think it makes sense to include IR35 in that review."

IR35 was initially introduced back in 2000 and is an anti-tax avoidance rule that aims to bring taxes for contractors and freelancers in line with that of employees should they not fit HMRC's definition of being self-employed. IR35 reforms were implemented in the public sector back in April 2017 and the proposal was that it would be extended to the private sector from April 2020. Companies that are classed as 'small' in the private sector are not subject to the new rules.

CIPP comment

The CIPP Policy team sit on the IR35 forum and value hearing feedback and views from our members. Please don't hesitate to contact us at Policy@cipp.org.uk so that your opinions can be heard.

Payroll professionals should still prepare for the upcoming reforms to IR35 in April 2020. The CIPP is running both a webinar and a training course to help individuals on the subject. The webinar can be accessed here and to apply for the half day training course, please click here.

Back to ***Contents***

Advice to businesses is to continue preparing for IR35 reforms in April 2020

5 December 2019

As previously reported in the CIPP's News Online, many of the political parties have pledged to review the proposed legislative changes to IR35 ahead of the general election . Experts have advised that, despite these pledges, organisations should continue their preparation for the IR35 reforms in line with previous expectations.

Matt Fryer, group compliance director at Brookson Legal, commented:

"Businesses would be foolish to halt their preparations now and a contractor workforce audit is still incredibly valuable.

The latest announcements from Labour and the Conservatives only add to the uncertainty for contractors and businesses, many of whom have already invested considerably in preparation for April 2020. Clear communication is a priority for those who are likely to be most affected."

People Management reported that Fryer also explained that he didn't think the policy would be abandoned due to the fact that it is predicted that it would generate an additional tax revenue of £1.3 billion.

The Liberal Democrats and the Scottish National Party explicitly referred to a reassessment of the new rules in their manifestos. Whilst both Labour and the Conservatives remained silent on the issue in their manifestos, they have both since confirmed that they will conduct a review of the rules should they be elected later this month.

The IR35 legislation that is being rolled out to the private sector in April 2020 means that, as opposed to a contractor deciding whether they are classed as 'inside IR35' or not, the responsibility shifts to the end engager. This is true in any scenarios where the end engager is classed as being medium or large in size and not 'small'. It is only in scenarios where the end engager is not classified as 'small' that the decision remains with the contractor. If an intermediary or an agent within the supply chain is classed as 'small' but the end engager is not, then the new reforms would still apply. This is confirmed in guidance provided by HMRC:

"The conditions about size only apply to clients. If you are a small-sized fee-payer you will still be responsible for applying off-payroll working rules."

CIPP comment

The CIPP is aware of the implications that the new IR35 reforms will have, both on contractors and their end engagers. As per the advice to proceed with preparing for the new legislation, to help individuals we are offering both a webinar and a half-day training course providing information on the topic. The next webinar is running on 8 January 2020 and the next available course is being held on 13 January 2020 in Bristol.

Back to ***Contents***

Conservative MPS write to Chancellor urging him to extend IR35 reforms deadline

23 December 2019

John Redwood and Andrew Bowie have both written to the Chancellor, Sajid Javid, encouraging him to either delay the implementation of the reforms to IR35 after the current 6 April 2020 deadline, or to completely suspend them until a full review has been conducted.

Both are Conservative MPs and feel that a review should be undertaken immediately prior to the implementation of the new rules. John Redwood is the MP for Wokingham and in the letter he submitted, he explained that many of his constituents were worried about the potential effect of the changes to IR35, prior to and during the general election. He explained how the self-employed are crucial to our prosperity and how we should be taking steps to support them. Failure to do this could lead to contractors providing their services elsewhere, potentially abroad, which is a real possibility due to remote working and technological developments. He closed his letter by stating:

"I would be grateful to know the date of the review and if the proposed changes to IR35 will be suspended pending the outcome."

Andrew Bowie echoed this sentiment and also sent a letter to the Chancellor. He is a Scottish Conservative and Unionist Party politician and the MP for West Aberdeenshire and Kincardine. He wrote:

"If the proposed changes – making every medium and large sector private business responsible for setting the tax status of any contractor they use, were to come into effect, I would worry for the industry and its ability to attract the highly skilled workers they need. It is also predicted that changes could see a workers income reduced by up to 25%. Many of these workers are my constituents."

He referred to pledges made on BBC Radio 4's money box in which Javid vowed to review IR35 rules ahead of their introduction to the private sector. Javid stated:

"We've already said that we're on the side of self-employed people. We will be having a review and I think it makes sense to include IR35 in that review."

The pledge to review the IR35 reforms was, however, notably absent from the Conservative party's manifesto, launched ahead of the general election.

In the Queen's speech, delivered on 19 December 2019, there was no discussion of the upcoming reforms to off-payroll working or to plans to conduct a review into it so it remains to be seen whether or not there will be an extension to the current deadline. The advice to all affected is to continue to prepare for the upcoming IR35 reforms to come into force from 6 April 2020.

CIPP comment

The CIPP wants to assist any individuals affected by the upcoming reforms to IR35 and help them to prepare for the changes. We offer a webinar which offers delegates the opportunity to ask any questions around topics that may be causing them concern. The next webinar will be held on 8 January 2020 and you can enrol here.

Back to ***Contents***

Off-payroll review launched by government

8 January 2020

The government has confirmed that it is launching a review of the changes to off payroll working rules in order to ensure smooth implementation of the reforms, and to focus on the concerns of any affected businesses and individuals.

The reforms are still due to come into effect from 6 April 2020, so businesses should continue to prepare for the changes. This review aims to assess if there are any further actions that can be taken to make the transitions as seamless as possible, and will also investigate if additional support is required to ensure that the self-employed, who fall outside of the scope of the rules, are not affected.

Off-payroll working rules were introduced in 2000 and were designed to ensure that somebody who works like an employee, but through a company, pays taxes comparable to other employees. The reforms to IR35 were initially announced in the 2018 Budget and are being implemented in a bid to tackle non-compliance with off-payroll working rules. This will be achieved by shifting the responsibility for determining the tax status of contractors from the individuals themselves to the medium and large organisations that engage them in the private and third sectors.

Financial Secretary to the Treasury, Jesse Norman said:

"We recognise that concerns have been raised about the forthcoming reforms to the off-payroll working rules. The purpose of this consultation is to make sure that the implementation of these changes in April is as smooth as possible."

It is expected that the review will conclude in mid-February, and it has been confirmed that it will gather evidence from any affected individuals and businesses in relation to the impact of the implementation of the reforms. The government will hold a series of roundtables with stakeholders and carry out further internal analysis, which will include extensive evaluation of the enhanced Check Employment Status for Tax (CEST) tool. Public bodies will also be approached to collect feedback on how the implementation of off-payroll working rules worked for them back in 2017.

Confirmation has been given that an additional review will be launched to investigate how the government can better support the self-employed and will include exploration of simplifying the tax system, improving access to finance and credit, and how higher quality broadband can boost homeworking.

HMRC has confirmed that it will continue to offer one-to-one engagement, webinars and workshops alongside communications to support businesses and individuals and to help them prepare for the reforms to be implemented on 6 April 2020.

CIPP comment

The CIPP sits on the IR35 Forum, and would welcome any feedback from our members in relation to the topic of the off-payroll working reforms and how preparation for the implementation of the new rules has affected them to date, and how they may continue to do so in the future, ahead of April 2020. Please get in touch at Policy@cipp.org.uk.

Now that there is solid confirmation that the reforms to off-payroll working will be implemented from 6 April 2020, it is more important than ever for businesses and payroll departments to ensure that they are prepared for the changes, and to ensure compliancy. The CIPP offers an hour-long webinar, with the opportunity to ask questions in relation to this topic. The next one is being held on 22 January 2020, and you can enrol here.

Alternatively, there is a comprehensive half day training course – 'Off-payroll working and other employment status considerations'. The next one takes place on 23 January 2020 in Solihull and you can enrol here.

Back to ***Contents***

HM Treasury publishes "Off-payroll working rules: contractor factsheet"

14 January 2020

HM Treasury has published a factsheet entitled "Off-payroll working rules: contractor factsheet", which has been tailored to communicate directly to contractors how the new rules will affect them.

There are seven sections that give a brief outline of the below:

- Are you affected?
- What is changing
- How the changes may affect you
- What you need to do before April
- Important information
- Your rights
- Further information
-

It has been confirmed that the off payroll working rules will come into play from April 2020, despite the general election casting doubt over a variety of policies intended to be implemented from the start of the new tax year. The government has begun a review into how the changes to off-payroll working can be put into practice, to ensure a smooth and seamless transition from April onwards. Many contractors are disappointed that there won't be a delay to introduction of the new rules and have deemed the review as 'hasty' and 'meaningless'.

CIPP comment

The CIPP recognises that the issue of off payroll working / IR35 reforms is currently the basis of much discussion and that businesses and contractors alike are concerned about how the changes may affect them. We run both a webinar, and a half day training course. The next webinar will run on 22 January 2020 and you can enrol here. The next classroom-based course – 'Off-payroll working and other employment considerations' is being held on 4 February 2020 in Cambridge. Sign up here.

Back to ***Contents***

HMRC warn employers to prepare for off-payroll reforms

21 January 2020

HMRC are currently in the process of writing out to all businesses, that have been identified as being medium, to highlight the importance of readiness for the latest reforms to off payroll working.

The off-payroll working rules make sure that individuals working like employees, but through an intermediary (usually their own limited company), pay broadly the same tax and National Insurance contributions (NICs) as individuals who are employed directly. The rules have been in place since 2000. Reform introduced in 2017 shifted responsibility for determining whether the rules apply from an individual's company to the organisation they work for (often called "the client") if that organisation was a public authority. The reform due to come into force on 6 April 2020 extends the 2017 rules to medium or large-sized organisations outside the public sector.

This is not a new tax: the changes are intended to improve compliance with the existing rules, and to make sure those affected pay the right tax.

To help ensure that businesses are getting ready for the reform, HMRC is writing directly to those likely to be impacted by them. The letter provides useful information and signposts resources for you and your contractors, including the link to sign up for one of the webinars HMRC are running over the next two months, which provide an update on the off-payroll working reform.

HMRC has also published a factsheet for contractors to explain how they might be affected, and what they might need to do before April 2020. Please share this with your contractors.

It is important that everyone in your organisation who might receive the letter, is made aware of these direct communications, in the event they are addressed to a colleague who may not be directly involved with the administration and payment of off-payroll workers.

Payroll professionals will be key to the successful delivery of these reforms and by working effectively, together with other colleagues, for example, HR, finance and procurement will ensure your employer's successful delivery and compliance with this latest reform.

CIPP comment

The CIPP policy team want to hear of your experiences and readiness for off-payroll working reforms, please contact policy@cipp.org.uk.

Back to ***Contents***

HMRC publishes draft secondary legislation: off-payroll working rules from April 2020

24 January 2020

Ahead of the reforms to off-payroll working rules which will come into effect from 6 April 2020, HMRC has published draft Statutory Instruments for technical comment.

The secondary legislation can be located here and outlines the amendments that are being made to PAYE and NIC regulations. As widely discussed over recent months, the changes will shift the responsibility for operating IR35 rules from the worker's Personal Service Company (PSC) to the medium or large-sized organisation they work for. It is hoped that this will improve compliance and is an extension of the rules that were implemented in public sector organisations back in April 2017.

The draft legislation discusses the government's plans in relation to the transfer of debt obligations where liabilities cannot be collected from the deemed employer within a reasonable period. Amendments to PAYE and Social Security regulations are included to allow for the reporting of an off-payroll worker indicator on Real Time Information (RTI) returns.

The draft legislation is open for consultation until 19 February 2020 and comments should be sent to offpayrollworking.intheprivatesectorconsultation@hmrc.gsi.gov.uk.

CIPP comment

Although HMRC has asked for feedback on the technical detail of both draft statutory instruments, the CIPP attends the IR35 forums, and would also be interested to hear any of your comments or experiences in relation to the topic. Please get in touch at policy@cipp.org.uk.

Back to ***Contents***

HMRC confirms how to avoid double taxation on payments for those affected by IR35 reforms

31 January 2020

HMRC has provided confirmation that there is a data item that can be used in Full Payment Submissions (FPS) for workers when their earnings have been subject to Pay As You Earn (PAYE) and National Insurance (NI) deductions from their fee payer and they wish to receive statutory payments, and so must receive a salary from their intermediary. When this item has been completed, the worker will not be taxed twice on their earnings.

Box 58A on the RTI Data Items for use from April 2020 is not a new field and is used to report payments that are not subject to tax or NI deductions. Software developers will more than likely give the item a more apt title which reflects the fact that it is used to record non-taxable and non-NICable payments and so it probably won't appear under the name '58A' on the payroll software's FPS reporting function.

Under off-payroll working reforms, which are due to be rolled out to medium and large employers from 6 April 2020, the worker's fee-payer will be responsible for deducting tax and NICs from the worker's payments, as opposed to the worker's intermediary. Even if a worker is deemed as being 'inside IR35' and must abide by the new rules, they will still not be entitled to statutory payments through the fee-payer. In order to access this entitlement and other benefits, they must receive a salary from their intermediary, because otherwise they have no earnings to calculate entitlement on and determine eligibility for statutory payments. Therefore, they must process a salary through the intermediary.

When the intermediary pays the worker a salary, the relevant values should be entered into box 58A (or whatever its equivalent title is within payroll software) on the FPS, to ensure that double taxation does not occur, as the worker has already had their pay subject to tax and NICs initially, when being paid via the fee-payer. Completion of this box ensures that the salary payment from the intermediary is not taxed but the payment of the salary means that the worker will be entitled to statutory payments.

Further guidance that includes specific information surrounding this topic will be published but no explicit release date has been confirmed yet. As soon as there are any further updates, the CIPP will alert its members via News Online.

Back to ***Contents***

House of Lords: a call for evidence: the off payroll working rules

7 February 2020

In order to consider all elements of the draft Finance Bill, a Finance Bill Sub-Committee, chaired by Lord Fosryth, is created each year to consult on it, and to focus on the areas of tax administration, clarification and simplification.

The original draft Finance Bill was published on 9 July 2019 to ensure that the contents could be confirmed by the Autumn 2019 Budget, but this was postponed due to the general election, and the Finance Bill is now expected to be published shortly after the Budget, which will be delivered in March 2020.

The intention to roll out the off payroll working rules to any businesses deemed as being medium and large within the private sector was confirmed by the Government who stated that the provisions to do this would be included within the

Finance Bill. This is an area of interest for the Sub-Committee and they will be scrutinising the changes to the rules and have requested evidence which demonstrates the effect on workers and the broader labour market.

Payroll professionals and members of the CIPP will have heard much discussion of the IR35 reforms, which will require organisations, who engage a contractor(s) via an intermediary such as the contractor's Personal Service Company (PSC), review the employment status of the contractor(s) to establish whether or not the contract gives rise to a 'deemed employment' . Where it does, they (or the fee payer where different) will need to deduct tax and National Insurance Contributions (NICs) on any payments they make to that individual.

The Sub-Committee welcomes feedback from both individuals and organisations in the form of written responses and documentation to evidence those responses. The deadline for the submission of any information is 25 February 2020. Once the responses have been collated, they will work as a basis for recommendations which will be laid out in front of the House of Lords.

The questions are as follows:

- What has been the experience of the new off-payroll rules in the public sector? What lessons have been learned from this experience, and how have they affected the draft Finance Bill proposals?
- Has the impact of the extension of the off-payroll rules to the private sector been adequately assessed? Is the assessment that has been made of the compliance burden (including costs) of these new rules realistic? Has the right balance been struck in the compliance burden on the taxpayer and on HMRC?
- Is the exclusion of small organisations sufficiently robust, and how might small organisations gain sufficient assurances that they fall within the exclusion?
- What will be the effect of these new measures on a chain of contractors and subcontractors?
- What scope might there be for simplifying or otherwise reducing the administrative burden of these measures? What should HMRC do to help businesses understand the new administrative rules?
- Are the tests for determining employment for the purposes of these rules sufficiently clear to both engager and worker? Do they reflect the reality of the contracting environment?
- What is your assessment of the Check Employment Status for Tax (CEST) tool? Does it require improvement? If so, how might it be improved?
- How effective will the status determination process be in resolving issues of employment status? Are there adequate safeguards, allowing decisions to be challenged? If not, what more is needed?
- Are there better or simpler ways in which the objective of the new rules might be achieved? If so, what are they?
- Will the Bill, as drafted, achieve the Government's objectives?
- What is your view of the role of umbrella companies in the context of these proposals?
- How do the new measures relate to the wider context of changes in working arrangements, including the "gig economy"? Is it fair that some individuals are taxed as if they are employees, but do not have the rights of employees?

CIPP comment

The CIPP will respond to the call for evidence. If you have any information, experience or evidence that you would like us to include in our submission, relating to any of the questions included above, then please email CIPP senior policy and research officer Samantha.mann@cipp.org.uk.

Alternatively, if you have any further feedback or areas of concern, then similarly, please email Samantha Mann at the same email address. Thank you in advance.

Back to ***Contents***

HMRC announces substantial change to the off-payroll working rules, ahead of the 6 April 2020 implementation date

10 February 2020

HMRC has announced that, as part of its review into the changes to the operation of the off-payroll working rules, the rules will **now only be applicable to payments made for services provided on or after 6 April 2020, as opposed to any payments made on or after 6 April 2020.** The previous rules would have applied to payments made on or after 6 April 2020, regardless of when the services were provided. This means that determinations by medium and large organisations are only required on contracts that are due to continue past 6 April 2020.

These changes have been communicated to the public prior to the publication of the findings of the Government's review to show that the concerns of businesses in relation to what payment the rules apply to, and from when, have been considered. The early disclosure was intended to give businesses more time to prepare to enable successful implementation of the reforms, and to provide more clarity on the issue.

HMRC will be communicating the changes to businesses via updated guidance and will continue to deliver education and support products to aid understanding. Individuals who have already attended webinars or one-to-one engagements will be written to, to confirm the changes. HMRC has also stated that this change will have no effect on public sector organisations who are already operating off-payroll working rules.

Back to ***Contents***

New draft guidance relating to IR35 reforms published by HMRC – what is 'reasonable care'?

10 February 2020

After much anticipation, and a technical glitch which meant that information was provided and then swiftly taken away as it was published too early, HMRC has finally released comprehensive guidance in relation to the IR35 reforms that will be implemented from 6 April 2020.

Substantial ground is covered but four areas which have been discussed in much detail include defining 'reasonable care', Status Determination Statements (SDS), the client-disagreement process and outsourced service.
An overview of 'reasonable care' is as follows.

Reasonable care

There has been much emphasis on the fact that clients must employ 'reasonable care' when making the decision as to whether or not a worker would have been classed an employee, had they been engaged directly, and not through an intermediary. Whilst there has been high level discussion of what would satisfy a definition of 'reasonable care', nothing has been as informative as the guidance provided on the topic by HMRC this week.

To neglect to use 'reasonable care' can leave the client responsible for tax and NIC liabilities, along with payments relating to the Apprenticeship Levy.

HMRC will consider 'reasonable care' in light of a client's abilities, experience and circumstances, so higher levels of care would need to be undertaken by large multi-national companies than by much smaller businesses with less access to resource.

A Statement Determination Status (SDS) needs to be completed for each relevant employee and records of them need to be retained to demonstrate how each decision was reached.

Examples of sufficient 'reasonable care' being taken are listed, but the list is not exhaustive:

- Accurately applying and keeping a record of the employment status principles (ESM0500).
- Accurately completing HMRC's Check Employment Status for Tax (CEST) tool

- Applying HMRC guidance on determining status
- Seeking the advice of a qualified, professional advisor
- Having someone with a good understanding of the work to be undertaken involved in the determination process
- Checking existing individual determinations to ensure they remain valid / accurate.
- Reviewing the processes being applied and amending for future determinations where necessary
- If there are any material changes to a worker's terms and conditions, or working practices, making a new status determination
- Ensuring the checking and reviewing of processes of other parties where the determination process is subcontracted to another party. The client remains responsible for the accuracy of the SDS even if it subcontracts that responsibility to another party

Examples of behaviours which do not display 'reasonable care' are:

- Determining that every worker who provides their services through an intermediary is caught by the off-payroll working rules without giving any consideration to the specific facts of each individual case
- Determining that the off-payroll working rules apply to a large group of workers who have some variations between the work that is being carried out, without giving proper consideration to the different working arrangements for each worker
- Failing to reconsider determinations where there has been a material change in circumstances
- An absence of any proper support or training within the organisation to enable those individuals responsible for making determinations to properly consider the off-payroll working rules
- Inputting inaccurate information into CEST
- Failing to take into account all relevant evidence
- The person tasked with completing the SDS does not possess the knowledge required to complete it and is not provided with the required level of support
- The client subcontracts the SDS process to another party and does not confirm the accuracy of that conclusion and the reasons for it

There is the note for consideration that a client can make a determination for a group of workers on the proviso that they are engaged under the same terms and conditions, but where these differ, separate determinations need to be made.

There are some illustrative examples on the classification of what would be 'reasonable care' and what wouldn't, within the guidance.

CIPP comment

The guidance is still in its draft form at the time of writing, so if you have any feedback in relation to the content of the guidance to accompany the IR35 reforms, particularly on the area of 'reasonable care', then please get in touch with Samantha Mann at Samantha.mann@cipp.org.uk.

Back to ***Contents***

HMRC publishes Employment status factsheet

17 February 2020

HMRC has published an Employment status factsheet, which has been designed with the aim of assisting individuals in assessing whether their employment status is correct or not.

The publication advises that employment status is the term used by HMRC to establish whether someone is classed as being either employed or self-employed. It confirms that employment status can affect an individual's entitlement to benefits and equally, their employment rights.

The factsheet states that employment status is “not a matter of choice” and is based on the terms and conditions of the agreement individuals have with whoever they work for, but that the responsibility is on the engager to ensure that it is right.

In terms of employment status and the law, the factsheet comments that the law for tax, National Insurance (NI) and Value Added Tax (VAT) does not define employment or self-employment. Employment status is mainly influenced by the principles established by the courts, commonly referred to as case law. There are, however, special rules that apply to certain occupations and scenarios, and do not follow the principles of case law, such as:

- Where work is arranged through an agency
- Where somebody is a company director
- Where somebody is the secretary of a club or holds any other office in relation to their earnings from that office
- For office cleaners
- For ministers of religion
- For examiners, moderators or invigilators of an examining board
- For deep sea divers
- Where somebody carries out work for a relative
- Where somebody is a non-permanent, casual or freelance worker of a specified grade in the film or TV industry

Where individuals provide their services through a company or partnership, then they will need to be well informed about the Intermediaries Legislation and Managed Service Company Legislation so that they can determine which one is applicable to them.

The factsheet advises that in most situations, employment status is simple, and that generally, you’re:

- **Employed,** when you work for someone and do not have the associated risks of running the business
- **Self-employed,** when you’re in business for yourself and are responsible for the subsequent success or failure of that business

The sheet then provides a series of questions that, where the answer is yes, individuals are likely to be classed as being employed and a further set of questions that, where the answer is yes, individuals are more likely self-employed. For scenarios where individuals want further information and the questions given don’t apply to their situation, it is advised that they use the Check Employment Status for Tax (CEST) tool.

There is a reminder that, for those who work more than one job, they could be simultaneously employed and self-employed, where they are an employee in one job but are self-employed in another.

HMRC reiterates how important the correct determination of employment status is as it ultimately affects the tax and NI that individuals pay, and how it is paid. Employment rights are also directly impacted by employment status, so it is imperative to get it right.

Back to ***Contents***

HMRC’s Software Developers Support Team publish guidance on reporting off-payroll workers from April 2020

19 February 2020

HMRC’s Software Developers Support Team (SDST) has circulated guidance relating to how to report on off-payroll workers, ahead of the reforms due to come into effect from 6 April 2020.

Two documents were distributed – one that related to technical elements of reporting and paying off-payroll workers and another which listed the most frequently asked questions from developers in relation to the implementation of the new rules.

The answers to the FAQs are extremely helpful and explain what action to take in certain different scenarios. One particular area of interest centres around the procedure for setting a deemed employee up on tax code 0T W1/M1, in

the event that they do not return a starter declaration form. It was initially thought that all deemed employees were set up on code BR, regardless of whether or not a starter declaration form was returned but it appears that this is only the case in circumstances where a starter declaration form has been provided. This seems logical as it is the same course of action that would be taken in the event that an employee (not a deemed employee) did not provide a starter declaration form. This guidance is reiterated in the 'Operating PAYE' section of the Employment Status Manual that was updated earlier this month.

Back to ***Contents***

Eamonn Holmes has lost IR35 case against HMRC

26 February 2020

Well-known TV personality, Eamonn Holmes, who presents predominantly on ITV, has lost his IR35 case against HMRC and will be liable for up to £250,000 in tax as a result.

Mr. Holmes, who co-hosts alongside wife, Ruth Langsford on ITV's daytime show, This Morning, argued that he was paid as a freelancer via his personal broadcasting company, Red White and Green Limited, and so did not owe tax or national insurance contributions on pay relating to the period between 2011 and 2015. He stated that, during this period he was "totally freelance" and had "total control" over how he acted as a presenter on the show.

The decision at appeal level, which related to a case initially heard at the First Tier Tribunal Tax Chamber back in June 2018, by Judge Harriet Morgan was that Mr. Holmes was, in actual fact, employed by ITV, and so was liable to pay tax under IR35 rules. She said:

"I have concluded that there was sufficient mutuality and at least a sufficient framework of control to place the assumed relationship between ITV and Mr Holmes in the employment field.

On that basis and, having regard to all other relevant factors, my view is that overall, throughout all relevant tax years, the assumed relationship between ITV and Mr Holmes was one of an employment rather than self-employment."

There have been several cases recently in which HMRC has come up against individuals from within the entertainment industry, some of which it has won and others it has lost. This demonstrates how assessing whether or not a person is 'inside IR35' is dependent on individual circumstances, and why blanket assessments should be avoided.

Christa Ackroyd, Joanna Gosling, David Eades and Tim Willcox are amongst other TV presenters who have lost their cases against HMRC. Conversely, Helen Fospero, Kaye Adams and Lorraine Kelly have claimed victory against HMRC over its off-payroll tax clampdown. The outcome of the cases has been determined based on the principles of substitution, control and mutuality of obligation, which differ based on each particular situation.

Back to ***Contents***

HMRC confirms IR35 reforms will go ahead from 6 April 2020 in response to recent review

28 February 2020

HMRC has published the findings of the review it recently conducted into IR35 reforms in the private sector, giving concrete confirmation that the planned implementation date of 6 April 2020 remains unchanged.

The publication confirms several changes, made to address stakeholder concerns that were voiced over the course of the review, and to ensure smooth and successful implementation of the reforms:

- In the first year, customers will not be required to pay penalties for errors that relate to off-payroll, with the exception of cases where there has been deliberate non-compliance

- HMRC has confirmed its previous commitment that information resulting from changes to the rules will not be used in order to open new investigations into Personal Service Companies for tax years prior to 6 April 2020, unless there is sufficient reason to suspect criminal behaviour or fraud
- HMRC has also reiterated its previous announcement that the rules will only be applicable to services carried out from 6 April 2020, and not to any payments made on or after 6 April 2020. Therefore, if, for example, services were provided on 30 March 2020 but not paid until 8 April 2020, the new rules would not apply. If the services were provided on 8 April 2020, then the new rules would apply
- There will be a legal obligation for clients to respond to a request for information regarding their size from the agency or worker, and legislation will be updated to address concerns raised over rules as they apply to off-shore companies

There are already a range of educational documents available from HMRC, including comprehensive guidance on the reforms. There is also a factsheet to support contractors, and communications will be increased in the final weeks before the reforms are to be implemented. The government states that it will continue to listen to feedback from stakeholders, and to evaluate and monitor the operation of the rules.

Back to ***Contents***

HMRC publishes communication resources relating to off-payroll working rules

9 March 2020

HMRC has published a communication pack that provides information to be provided to members, clients and customers in relation to the off-payroll reforms that will come into effect from 6 April 2020.

As part of its response to the review into the implementation of the reforms, HMRC pledged to continue to offer education and support to assist customers in applying the new rules. The stakeholder pack provided certainly gives substantial educational information, in a variety of forms, and it is advisable for businesses and contractors and indeed, anyone affected by the reforms, to familiarise themselves with all of the documents provided.

The material frequently reminds individuals to ensure that they protect themselves by steering clear of tax avoidance schemes. The resounding advice given is that if something looks too good to be true, then it probably is, so in scenarios where offers that claim to ensure workers are not affected by off-payroll working rules are made, or where it is alleged that take home pay can be increased in any way, caution should most definitely be exercised.

The materials in the pack are as follows:

- Know the facts – top tips to be shared with contractors
- A contractor flowchart – decision making guide for contractors
- A sample news article – information about the key changes which can be included in magazines, newsletters or websites
- A sample email – information about the changes that can be issued to members
- Leaflet for contractors – this can be printed for contractors
- Case studies – example scenarios to be included in communications
- Short comparative case study – case study comparing the perspectives of a contractor and a client
- Social media messages – text to be used on social media channels

Back to ***Contents***

IR35 reforms delayed for 12 months amidst coronavirus outbreak

19 March 2020

Chief Secretary to the Treasury, Steve Barclay, confirmed in parliament on the evening of 17 March 2020 that the reforms to the off-payroll working rules, initially due to take effect from 6 April 2020, would actually be delayed for a period of 12 months, until 6 April 2021.

He stated:

"I can also announce that the Government are postponing the reforms to the off-payroll working rules IR35 from April 2020 to 6 April 2021. The Government will therefore not move the original resolution tonight but will shortly table an additional resolution confirming that we will reintroduce the off-payroll working rules provisions by amending the Bill, with a commencement date of the 6 April 2021. This is a deferral in response to the ongoing spread of covid-19 to help businesses and individuals. This is a deferral, not a cancellation, and the Government remain committed to reintroducing this policy to ensure that people who are working like employees, but through their own limited company, pay broadly the same tax as those employed directly."

This is part of additional support for businesses and individuals to deal with the economic impacts of Covid-19. This means that the different rules that exist for inside and outside the public sector will continue to apply until 6 April 2021.

It is important for payroll professionals any other impacted individuals to remember that the reforms are being postponed, and not completely cancelled, so it would be advisable to remain informed about the changes that will come into effect from 6 April 2021.

CIPP comment

The CIPP understands that members must have an abundance of questions in relation to the postponement of the implementation of the changes to IR35 / off-payroll working rules. As soon as any further information becomes available, it will be posted via News Online and various social media platforms to ensure that members are as up to date as possible. Unfortunately, within the current economic and social climate, with everything being affected by coronavirus, it is not certain what will change from one day to the next.

Back to ***Contents***

Payroll Software updates

Software developers: PAYE update

8 April 2019

This update gives guidance to PAYE software developers for the 2019 to 2020 tax year. Changes to values used in technical specifications are given along with other information to help with PAYE software development.

Included are all details for Income Tax changes and Class 1 National Insurance contributions (NICs) changes from 6 April 2019.

Software developers: PAYE update 23

Back to *Contents*

Welsh Rates of Income Tax

15 May 2019

Have you updated your 2019/20 payroll systems to cater for Welsh taxation? HMRC has identified a small number of instances where PAYE is not being operated correctly for Welsh employees.

This information was provided by HMRC's Software Developers Support Team (SDST) and although it is aimed at developers, employers and payroll practitioners may also find it useful.

Following the introduction of Welsh rates of income tax from 6 April 2019, SDST has discovered that a small number of employers are not operating PAYE correctly for their Welsh employees. Welsh taxpayers are identified by a C prefix on their tax codes, this will be a "C" within the TaxRegime attribute on any xml outputs.

The issues identified so far include:

- Welsh employees being reported on an FPS with no C prefix within @TaxRegime.
- Welsh employees being reported on an FPS with an S prefix within @TaxRegime. The S prefix should only be used for individuals liable to Scottish income tax.

Back to *Contents*

Software developers: Recognition for RTI and for Expenses and Benefits

31 May 2019

HMRC's Software Developer Support Team (SDST) is asking for applications to be sent in for 2019-20 RTI recognition.

"In January 2020, SDST updated the RTI technical specifications with details of the RTI Recognition process for 2019-20. The Recognition process for Expenses and Benefits (EXB) for 2018-19 was updated earlier.

We keep under review the list of payroll software suppliers and products here, and will shortly be removing details of suppliers/products which have not successfully renewed their Recognition.

If you had Recognition for your submission product for the previous year and have not yet renewed this for the new tax year, please get your application to us on or before 28 June 2019. Instructions can be found in the 2019-20 section of the RTI technical specifications here; for 2018-19 EXB, please refer to the specifications here.

Please note that the deadline is for receipt of applications, not for completing the Recognition process. Applications received by the deadline will be acknowledged by SDST and reviewed in the weeks following.

If your product has not had Recognition before, we would encourage you to apply. SDST will be pleased to help you with the process and there is no deadline for new applicants."

Back to ***Contents***

PAYE projects for software developers 2020-21

31 July 2019

HMRC's Software Developer Support Team (SDST) has provided an overview of the PAYE changes for the tax year 2020-21, including any changes to RTI reporting as a result.

Although this information is aimed at developers, employers and payroll practitioners may also find it useful.

The 'Summary of tax year 20-21 projects for software developers' includes a delivery roadmap, a summary of the changes and what the solution design is, i.e. whether an additional data field is required for RTI reporting purposes.

Changes covered in the overview are:

- Employment Allowance reform
- Class 1A NICs – Termination payments & sporting testimonials
- Off-payroll working rules
- Statutory parental bereavement pay and leave
- Short term business visitors
- Ultra low emission vehicles

Updated Technical Packs are due to be published towards the end of August 2019.

Back to ***Contents***

PAYE internet submissions, expenses and benefits

3 September 2019

The PAYE expenses and benefits schema and supporting documents for 2019 to 2020 have been added to GOV.UK for payroll software developers.

Follow the link below for full details.

PAYE internet submissions, expenses and benefits: schema 2019 to 2020

Back to ***Contents***

Termination Awards and Sporting Testimonials –real-time Class 1A NICs guidance

25 September 2019

HMRC's Software Developers Support Team (SDST) has provided some guidance for software developers which employers and payroll practitioners may also find useful.

Change to 'real-time Class 1A NICs'
Termination Awards' are payments received in connection with the termination of a person's employment.

'Sporting Testimonials' are used as shorthand for non-customary and non-contractual Sporting Testimonials. If an individual is contractually entitled to a Sporting Testimonial this would be treated as regular income and should be reported and taxed as such.

Currently, tax is due on the amount of a Termination Award over the threshold of £30,000 (the threshold is £100,000 for Sporting Testimonials). For example, if an individual receives a Termination Award of £39,000, the employer would pay income tax on £9,000 as this is the amount above the threshold. From April 2020, employer Class 1A NICs will also be due on the amount above the threshold.

Class 1A NICs are already reported and collected on expenses and benefits as part of the annual P11D(b) process.

From April 2020 the Class 1A NICs on termination awards and sporting testimonials will be calculated, reported and paid as part of the existing PAYE cycle.

Guidance
The guidance, produced for payroll software developers by HMRC's Customer Strategy and Tax Design, contains background on these payments and includes a number of illustrative examples.

Back to ***Contents***

Draft forms P11D and P11D Working Sheets

23 January 2020

HMRC has published draft P11D and P11D Working Sheets for tax year 2019-20.

These forms are final versions of P11D and P11D Working Sheets for tax year 2019 to 2020, and should only be used by software developers to help with development of their payroll software.

PAYE draft forms: P11D and P11D Working Sheets (2019 to 2020).

Back to ***Contents***

P60 substitute forms

3 February 2020

The Specifications to design employer substitute forms P60 for tax year 2020 to 2021 have been published.
PAYE draft forms: specifications for substitute forms P60

This guide gives information on how to design substitute forms P60, 'End of Year Certificate', which employers may use instead of the official form at the end of the tax year. It also includes information on how to adapt your substitute form P60 for a pension fund scheme and what to do if you intend to issue the substitute form P60 to your employees electronically. This revised edition applies for the tax year 2020 to 2021.

Other than the year, and inclusion of Statutory Parental Bereavement Pay, there are no further changes to this guide from the 2019 to 2020 version.

Back to ***Contents***

Statutory Pay and Leave

Parental Bereavement (Leave and Pay) Bill approved by Parliament

17 September 2018

The Parental Bereavement (Leave and Pay) Act 2018 creates a statutory right to time off work for employed parents, with pay where eligibility requirements are met, following the loss of a child.

The Parental Bereavement (Leave and Pay) Bill has received Royal Assent and will give all employed parents a day-one statutory right to 2 weeks of leave if they lose a child under the age of 18, or suffer a stillbirth from 24 weeks of pregnancy. Parents will be entitled to this leave irrespective of their length of service with their employer and the entitlement will apply in respect of each child. Pay will be subject to qualifying conditions as found with other similar periods of statutory pay aimed at the working parent.

This is the first law of its kind in the UK and it will support those affected by the tragedy of childhood mortality. The statutory right is expected to come into force in 2020.

The Labour Market Directorate within the Department for Business, Energy and Industrial Strategy published a consultation in April 2018 to gather views and opinions on the delivery of Parental Bereavement Pay and Leave. The consultation focused on several key areas of detail including:

- The definition of a 'bereaved parent'
- How and when to take Parental Bereavement Leave and Pay
- Notice periods for Parental Bereavement Leave and Pay
- Evidence of an employee's right to take Parental Bereavement Leave and Pay.

Geographical extent: *The Parental Bereavement Leave and Pay measures apply to Great Britain only.*

CIPP comment
The responses to this consultation are still being analysed by government, but as we stressed in our response to BEIS, it is vital that this statutory right is supported by clear, comprehensive and timely guidance. The Policy team will continue to work with BEIS and will look forward to reviewing draft guidance when it becomes available.

The CIPP surveyed members and the wider profession to help inform our response to the consultation, full details of which can be found on our website under My CIPP/policy hub. If members have any questions or concerns regarding the implementation of Parental Bereavement Leave and Pay which was not raised within our survey results and associated response, please do email us at policy and we shall continue to feed in your comments to the Statutory Payment Consultation Group.

Back to ***Contents***

Parental bereavement leave and pay – government response

6 November 2018

The Government has published its response to the parental bereavement leave and pay consultation which confirms key aspects of the policy to be set in regulations.

As a result of the responses received, government has taken the following decisions:

- the policy will use a broad definition of a 'bereaved parent' centred on the notion of 'primary carer', with the guiding principle being that the relationship should be parental in nature
- parental bereavement leave and pay can be taken as a single block, or as 2 separate weeks
- employed parents will have a window of 56 weeks to use the entitlement

- notice requirements will be flexible and will distinguish between leave taken very soon and leave taken at a later period
- evidence requirements will mirror existing requirements used for other family leave and pay rights, where it is practicable to do so.

Parental bereavement leave and pay: government response

Geographical extent: *The Parental Bereavement Leave and Pay measures apply to Great Britain only.*

> ***CIPP comment***
> *As we stressed in our response to the Department for Business, Energy and Industrial Strategy (BEIS), and at every opportunity thereafter, it is vital that this statutory right is supported by clear, comprehensive and timely guidance. The Policy team will continue to work with BEIS and will look forward to reviewing draft guidance when it becomes available.*

Back to ***Contents***

Statutory payments: Small Employers Relief threshold and recovery rates

4 December 2018

Subject to Parliamentary approval, the Small Employers Relief threshold (£45,000) and recovery rate (3%) will remain unchanged for 2019-20, as will the standard recovery rate (92%).

Our news item at the end of November detailed the Department for Work and Pensions (DWP) proposed statutory rates which will apply from April 2019.

In summary, the proposed rate for Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay and Statutory Shared Parental Pay will be £148.68, and the Statutory Sick Pay weekly rate will be £94.25.

HMRC's Software Developers Support Team (SDST) informed us that the Small Employers Relief threshold (£45,000) and recovery rate (3%) remain unchanged for 2019-20, as does the standard recovery rate (92%).

These figures are all still subject to parliamentary approval.

Back to ***Contents***

Shared Parental Leave and Pay (Extension) 2017-19

10 December 2018

The text of this Private Member's Bill has been published, which aims to provide shared parental leave and pay to the self-employed including freelance workers and workers in the GIG economy. The Bill also aims to extend the sharing of statutory maternity allowance to a mother's self-employed partner.

The Shared Parental Leave and Pay (Extension) Bill 2017-19 was introduced by Tracy Brabin, MP for Batley and Spen who hailed this as being a bill that delivers 'no additional cost to the tax payer'.

The Bill received its first reading on 21 February 2018. The second reading debate of the was originally scheduled for 11 May 2018, but it is now expected to take place on Friday 25 January 2019.

If the Bill receives Royal Assent and becomes the 'Shared Parental Leave and Pay (Extension) Act 2018', the regulations will come into force within 12 months of this date.

Geographical extent – The Bill applies to England, Wales, and Scotland

Share Parental Leave was launched in 2015 and however parental take up is estimated to be a low 2%. The campaign 'Share the Joy' is part of the government's aim to raise awareness of employment rights, in a drive to boost job satisfaction and productivity as part of the modern Industrial Strategy and Good Work plan.

Back to ***Contents***

The Employment Rights (Increase of Limits) Order 2019

4 March 2019

This order increases, from 6 April 2019, the limits applying to certain awards of employment tribunals, and other amounts payable under employment legislation, such as redundancy payments and unfair dismissal awards.

The Employment Rights (Increase of Limits) order 2019 has been laid before Parliament and subject to approval will come into force on 6 April 2019.

Geographical extent – This Order applies to Great Britain; England, Wales and Scotland.

Schedule table of increase of limits

	Relevant statutory provision	*Subject of provision*	*Old Limit*	*New Limit*
1	Section 145E(3) of the 1992 Act	Amount of award for unlawful inducement relating to trade union membership or activities, or for unlawful inducement relating to collective bargaining.	£4,059	£4,193
2	Section 156(1) of the 1992 Act	Minimum amount of basic award of compensation where dismissal is unfair by virtue of sections 152(1) or 153 of the 1992 Act.	£6,203	£6,408
3	Section 176(6A) of the 1992 Act(a)	Minimum amount of compensation where individual excluded or expelled from union in contravention of section 174 of the 1992 Act and not admitted or readmitted by date of tribunal application.	£9,474	£9,787
4	Section 31(1) of the 1996 Act	Limit on amount of guarantee payment payable to an employee in respect of any day.	£28.00	£29.00
5	Section 120(1) of the 1996 Act	Minimum amount of basic award of compensation where dismissal is unfair by virtue of sections 100(1)(a) and (b), 101A(d), 102(1) or 103 of the 1996 Act.	£6,203	£6,408
6	Section 124(1ZA)(a) of the 1996 Act(b)	Limit on amount of compensatory award for unfair dismissal.	£83,682	£86,444
7	Paragraphs (a) and (b) of section 186(1) of the 1996 Act	Limit on amount in respect of any one week payable to an employee in respect of a debt to which Part 12 of the 1996 Act applies and which is referable to a period of time.	£508	£525
8	Section 227(1) of the 1996 Act	Maximum amount of "a week's pay" for the purpose of calculating a redundancy payment or for various awards including the basic or additional award of compensation for unfair dismissal.	£508	£525

Back to ***Contents***

The Social Security Benefits Up-rating Order 2019

4 March 2019

Further to the proposed statutory payment rates for 2019-20, The Social Security Benefits Up-rating Order 2019 has been published, due to come into force in April 2019.

Geographical extent – This Order applies to England, Wales and Scotland (exception article 3).

The statutory pay rate increases are the same as those proposed in November by the Department for Work and Pensions and are as follows:

	2018-19	2019-20
STATUTORY ADOPTION PAY		
Earnings threshold	£116.00	£118.00
Standard Rate	£145.18	£148.68
STATUTORY MATERNITY PAY		
Earnings threshold	£116.00	£118.00
Standard Rate	£145.18	£148.68
STATUTORY PATERNITY PAY		
Earnings threshold	£116.00	£118.00
Standard Rate	£145.18	£148.68
STATUTORY SHARED PARENTAL PAY		
Earnings threshold	£116.00	£118.00
Standard Rate	£145.18	£148.68
STATUTORY SICK PAY		
Earnings threshold	£116.00	£118
Standard Rate	£92.05	£94.25

Full details can be found in The Social Security Benefits Up-rating Order 2019. The Order is still in draft and subject to Parliamentary approval.

Back to ***Contents***

The Social Security Benefits Up-rating Order (Northern Ireland) 2019

1 April 2019

This order provides for the annual uprating of certain social security benefits, pensions and allowances from April 2019 for Northern Ireland, which is the same as those for Great Britain.

The Social Security Benefits Up-rating Order (Northern Ireland) 2019 is part of the annual up-rating of social security benefits and pensions and alters the rates and amounts of certain social security benefits and other sums, including statutory maternity, paternity, shared parental and sick pay.

The Order details the same rates as The Social Security Benefits Up-rating Order 2019 which covers the rest of the UK and changes certain rates from April 2019.

Back to ***Contents***

The Social Security Benefits Up-rating Order 2019

4 March 2019

Further to the proposed statutory payment rates for 2019-20, The Social Security Benefits Up-rating Order 2019 has been published, due to come into force in April 2019.

Geographical extent – This Order applies to England, Wales and Scotland (exception article 3).

The statutory pay rate increases are the same as those proposed in November by the Department for Work and Pensions and are as follows:

	2018-19	2019-20
STATUTORY ADOPTION PAY		
Earnings threshold	£116.00	£118.00
Standard Rate	£145.18	£148.68
STATUTORY MATERNITY PAY		
Earnings threshold	£116.00	£118.00
Standard Rate	£145.18	£148.68
STATUTORY PATERNITY PAY		
Earnings threshold	£116.00	£118.00
Standard Rate	£145.18	£148.68
STATUTORY SHARED PARENTAL PAY		
Earnings threshold	£116.00	£118.00
Standard Rate	£145.18	£148.68
STATUTORY SICK PAY		
Earnings threshold	£116.00	£118
Standard Rate	£92.05	£94.25

Full details can be found in The Social Security Benefits Up-rating Order 2019. The Order is still in draft and subject to Parliamentary approval.

Back to ***Contents***

Statutory Sick Pay (SSP) guidance update

20 May 2019

Allied Health Professional reports has been added to SSP guidance as strong evidence of sickness for a period of incapacity lasting more than 7 days.

Incapacity lasts more than 7 days

You can ask your employee to give you medical evidence or a fit note from their doctor. It is your decision whether evidence of illness is required, and if so, what evidence is acceptable.

A doctor's fit note or an Allied Health Professional report is strong evidence of sickness and is usually acceptable. Your employee may give you a certificate from someone who is not a doctor, such as:

- *osteopaths*
- *chiropractors*

- *Christian Scientists*
- *herbalists*
- *acupuncturists*

You decide whether or not to accept them. If you have any doubts you can still ask for a doctor's fit note.

Your employee must continue to notify you of ongoing sickness. You can withhold payment if there are any days for which you have not been notified, but not for late medical evidence.

CIPP training course
The CIPP offer a one-day online course which aims to equip delegates with the knowledge and skills required to accurately calculate SSP and the criteria needed to qualify for it. A great course for any busy payroll professionals who need to refresh their knowledge and understanding or for those new to payroll who need to learn about SSP within a short timeframe.

The course runs every month, with the next one taking place on Wednesday 5 June.

Further information
HMRC has an interactive online guide to Statutory Sick Pay which is broken down into sections to make it easy to use.

The 'National Insurance contributions and statutory payments' toolkit, designed primarily for agents and advisers, is also useful.

Back to ***Contents***

Consultation on Statutory Sick Pay reform imminent

3 June 2019

In a speech on the future of the labour market, the Secretary of State for Work and Pensions said that government will at last be shortly consulting on reforming Statutory Sick Pay.

At the Recruitment and Employment Confederation, talking about the future of the Labour Market, Amber Rudd said:

"We will shortly consult on reforming Statutory Sick Pay, in order to better support employers to retain staff who experience health problems. The current system is failing to support those who fall ill in work, one of several factors causing older people to choose retirement when they still have a huge amount to offer. One in 4 men, and 1 in 3 women, have not worked for at least 5 years before they reach State Pension age."

Background
The government pledged there would be a consultation in their November 2017 response to the green paper 'Improving Lives - The Future of Work, Health and Disability'. Government said that they:

"…want to see a reformed SSP system which supports more flexible working … to help support phased returns to work including spacing out working days during a return to work, managing a long-term health condition, or recovering from illness."

Government also pledged to:
- Improve and better publicise existing guidance on SSP eligibility to ensure that employers and employees each understand their rights and responsibilities; and
- Consider Matthew Taylor's recommendations about SSP eligibility and the way entitlement is accrued and about sickness absence management.

Flexible SSP – what did you say?
In advance of the consultation that we were led to believe would be published later in 2018, the CIPP policy team ran a survey during April 2018 to try and gather some early thoughts and opinions. Our findings from members and the wider

payroll profession are still very much relevant as we wait for the 'imminent' publication of said consultation. In summary:

- There was a range of numbers on the payroll from respondents, but the majority were between 250 and 9,999.
- 89% offer both SSP and OSP schemes with differing options depending on their terms and conditions.
- 87% offer an initial return to work on altered hours (phased return) after a period of sickness. 77% of which said that each case is looked at on an individual basis and that they have no set timescale for employees to be off before the phased return is offered.
- With regards to how employers pay their staff on a return to work after a period of sickness on altered hours, 49% only pay for the hours worked, whereas it was almost evenly split where some employers pay full pay regardless of hours worked and the others pay for hours worked, topped up with OSP or SSP.
- We asked what respondents thought they would need to do or to adapt their payroll systems and processes to accommodate employees returning to work on altered hours and paid a mixture of OSP & SSP. Responses were that software would need to be adapted/updated, if the change was to legislation then staff would need to be educated and more manual intervention would be required.
- Some respondents did say that they felt little or no change would be required.
- We asked how long it would take to implement these changes and the answers varied as it would depend on who and what it affects. If legislation was changed then this would a decent lead time for software developers, then there is the implementation, training, educating etc.
- The cost of these changes is varied or not applicable. It may be that some of the respondents may not be involved in the 'cost implications' of the business so would be unable to answer and also what the changes will actually be is difficult to say at this stage.
- We also asked what the overall cost of sickness management change would be if flexible returns were offered. The majority stated that they offer this service in some form already, others believe it will not affect the cost and only a minority felt it would be expensive.
- From additional comments to the survey, it would seem that the way forward is a total rethink of the SSP system and that the waiting days should be abolished.

We passed on the full results of our survey to the Department for Work and Pensions, who are leading on these reforms and we shall continue to work with them through to consultation and change, in whatever form that may be. We will most certainly be calling on you, the payroll professionals, again, for your expertise and opinions.

Back to ***Contents***

Parental Bereavement Leave and Pay

10 June 2019

From April 2020 the Parental Bereavement (Leave and Pay) Act 2018 introduces a statutory right to time off work for employed parents, with pay where eligibility requirements are met, following the loss of a child.

The Act will give all employed parents a day-one statutory right to 2 weeks of leave if they lose a child under the age of 18 or suffer a stillbirth from 24 weeks of pregnancy. Parents will be entitled to this leave irrespective of their length of service with their employer and the entitlement will apply in respect of each child. Pay will be subject to qualifying conditions as found with other similar periods of statutory pay aimed at the working parent.

The Government published its response to the consultation in November 2018 which confirms key aspects of the policy to be set in regulations. As a result of the responses received, government has taken the following decisions:

- the policy will use a broad definition of a 'bereaved parent' centred on the notion of 'primary carer', with the guiding principle being that the relationship should be parental in nature
- parental bereavement leave and pay can be taken as a single block, or as 2 separate weeks
- employed parents will have a window of 56 weeks to use the entitlement
- notice requirements will be flexible and will distinguish between leave taken very soon and leave taken at a later period
- evidence requirements will mirror existing requirements used for other family leave and pay rights, where it is practicable to do so.

Geographical extent: *The Parental Bereavement Leave and Pay measures apply to Great Britain only.*

The CIPP are members of the Statutory Payments Consultation Group and a question that was raised at the forum was how the entitlement to statutory parental bereavement pay will work for people who live in Northern Ireland but are employed by a GB employer with a contract of employment written under the Employment Rights Act (ERA) 1996.

The answer we received is that generally, employees who live in Northern Ireland but who have a GB employer and an employment contract under ERA 1996 will qualify for family-related leave and pay entitlements. This will also be the case for Parental Bereavement Leave and Pay.

CIPP comment
Guidance has not yet been published but and as we stressed in our consultation response to the Department for Business, Energy and Industrial Strategy (BEIS), and at every opportunity thereafter, it is vital that this statutory right is supported by clear, comprehensive and timely guidance. The Policy team will continue to work with BEIS and will review and share draft guidance when it becomes available.

Back to ***Contents***

Reforming Statutory Sick Pay

16 July 2019

Reforming Statutory Sick Pay (SSP) forms part of the consultation published by government today and includes proposals to amend the rules of SSP to allow for phased returns to work following sickness absence and to widen eligibility for SSP to extend protection to those on the lowest incomes .

The consultation 'Health is everyone's business', includes a range of measures to reduce ill health-related job loss, seeking views on how employers can best support disabled people and people with long-term health conditions to stay, and thrive, in work.

The government proposes to reform Statutory Sick Pay (SSP) so that it is available to all employees who need it, is more flexible in supporting employees and is underpinned by a suitable enforcement framework. Proposed changes include:

- amending the rules of SSP to allow for phased returns to work following sickness absence;
- widening eligibility for SSP to extend protection to those on the lowest incomes; and
- strengthening compliance and enforcement of SSP to ensure employees are paid what they are due.

Alongside these specific reforms, this consultation also considers how a rebate of SSP for SMEs that demonstrate best practice in supporting employees on sickness absence might be designed.

The government is also interested in exploring ways to record SSP payments and use this information to provide helpful prompts and advice to employers.

The government is not proposing to make any further changes to the structure of SSP beyond the reforms outlined above, however, it has considered the extent to which the rate and length of SSP drives employer behaviour and is interested in views on this.

The consultation also proposes improving access to occupational health services with additional support for small employers including a potential subsidy and for government to provide best practice advice and support for employers on managing health and disability in the workplace.

CIPP comment
One to watch! We have been waiting for the publication of this consultation for some time and will be consulting with you, the payroll professionals, for your valuable expertise and opinions. Details to follow…

Back to ***Contents***

Need help with the payroll aspects of statutory payments?

13 August 2019

HMRC has a range of support and guidance to help payroll professionals administer statutory payments. Sick pay and maternity and paternity pay are on the agenda this week in scheduled webinars.

The following webinars are live and interactive so you can ask questions using the on-screen text box, where you'll also see other people's questions and answers.

Statutory Sick Pay
HMRC experts will show you how to calculate Statutory Sick Pay and when to pay it, as well as explaining terms such as qualifying days and linking periods. Register for the next session on Wednesday 14 August 10am to 11am.

Statutory Maternity and Paternity Pay
This webinar will enable you to find out whether your employee meets the qualifying conditions, how much they're entitled to and what you can claim back. Register for the next session on Thursday 15 August 10am to 11am.

HMRC also has an interactive online guide to Statutory Sick Pay which is packed with useful information. It's broken down into sections to make it easy to find the information you need and it's available to use at any time.
The National Insurance Contributions and Statutory Payments toolkit is designed to help agents and advisers, however it may also be helpful to employers or anyone operating payroll functions.

CIPP Payroll training courses

The CIPP's training course portfolio offers a wide range of courses across many topics and levels; ensuring that whatever your training needs - there will be something to suit you and/or your organisation.

Browse a complete list of all our payroll industry training courses or visit the payroll training calendar to view by date.

In addition to our public course delivery, we can also provide you with a tailored in-house delivery of most training courses - click here to find out more.

And there is also our Online learning portfolio, studying at a place to suit you. Courses include:

- *Statutory payments: updates and challenges and*
- *Statutory Sick Pay.*

Back to ***Contents***

Guidance surrounding the reporting of Statutory Parental Bereavement Pay Published by HMRC

8 October 2019

Guidance surrounding the reporting of Statutory Parental Bereavement Pay Published by HMRC
The Software Development Support Team (SDST) at HMRC have released instructions for software developers in relation to Statutory Parental Bereavement Pay (SPBP), a new form of statutory parental pay due for implementation at the start of the new tax year.

The introduction of the new pay element was announced after a consultation on the topic was held, and the arrival of the guidance will be welcomed as it means that developers can be fully prepared for the upcoming change from April 2020.

SPBP will be available to employees who suffer the loss of a child under the age of 18 or who have had to cope with the stillbirth of a child from 24 weeks of pregnancy onwards. Employer and parent guidance on the subject is expected to arrive on the Gov.UK website in December 2019, which again, gives sufficient time for all affected parties to prepare for the changes. Forms relating to SPBP will also be published at this point.

SDST has provided advice for software developers which employers and payroll practitioners may also find useful, as per below.

The document covers a variety of points relating to SPBP. One major component of the document relates to eligibility and the qualifying criteria that need to be observed before paying SPBP - when and how the leave can be taken, employee length of service and earning conditions and technicalities surrounding the child's relationship with the employee.

SPBP will be paid at £148.68 per week (tax year 2019/2020) in line with other statutory parental payments and will also be subject to an increase each tax year. The payment can be made for two weeks, or across two one-week blocks, or for a singular week, dependent on how the employee wishes to take their leave. Basic PAYE tools online will include a calculator, to aid with the SPBP process and figures.

There are strict record keeping instructions and the document expands on exactly what they are.
The most important area for developers will be how SPBP is reported to, and reclaimed back, from HMRC. The process is in line with other statutory payments, as it is to be reported via FPS and reclaimed back through the EPS. P60s will include a new section in which to record any SPBP figures, but there is no stipulation that it needs to be itemised separately on payslips.

Back to ***Contents***

New format SMP1 form published, with the new, welcome option to complete on screen

22 October 2019

HMRC has published a new version of the SMP1 form, which allows for the majority of information to be completed on screen. The form still needs to be printed so that a wet signature can be added prior to sending out to employees but the new format will be highly beneficial to payroll officers, particularly if they must regularly issue high volumes of SMP1 forms to staff.

The SMP1 form is a document that is provided to women who are not eligible to receive Statutory Maternity Payment (SMP) from their employer via payroll, as they do not meet the qualifying criteria. The SMP1 form is sent to the relevant individual, who can present it at the Job Centre to claim Maternity Allowance (MA). When the SMP1 form is sent out, the MatB1 document that the employee provided should also be returned to them.

Payroll staff must complete all of the employee's personal information as requested on the form and also provide the explanation as to why the company cannot make SMP payments to them. There's a list of seven reasons as to why somebody wouldn't be entitled to SMP and payroll must select the applicable option. The final section of the SMP1 form surrounds details of the employer and of the staff member completing the document, with the requirement for a wet signature and an employer stamp to ensure validity.

The new document will significantly diminish the administrative burden of completing SMP1 forms, especially within businesses where there is the requirement to submit large numbers of them on a frequent basis. The option to complete the SSP1 form online was made available back in May 2019 so the publication of this new style SMP1 form ensures consistency across HMRC documents and serves to simplify the lives of payroll professionals.

Back to ***Contents***

Proposed statutory pay rates from April 2020

23 January 2020

We are still awaiting official confirmation of what the statutory payment rates for the tax year 2020-21 will be, but the proposed figures have been in circulation for a while now, so it would be advisable for payroll professionals to familiarise themselves with what they are potentially going to be.

The rates are still subject to parliamentary approval, but it is anticipated that the rates below will be approved and implemented from April 2020.

Statutory Payments	
	2020-21
Statutory Maternity Pay (SMP)	
First 6 weeks	90% of AWE
Further 33 weeks	lesser of 90% of AWE or £151.20
Statutory Adoption Pay (SAP)	
First 6 weeks	90% of AWE
Further 33 weeks	lesser of 90% of AWE or £151.20
Statutory Paternity Pay (SPP)	
2 weeks	lesser of 90% of AWE or £151.20
Shared Parental Leave and Pay (ShPP)	
Maximum of 37 weeks (35 weeks for factory workers)	lesser of 90% of AWE or £151.20
Proposed	
Statutory Parental Bereavement Leave (SPBP) -	
2 weeks	lesser of 90% of AWE or £151.20
Employers can recover 92% of SMP, SAP, SPP and ShPP paid. Small employers (defined as those with less than £45,000 gross NICs pa) are entitled to recover 103% (100% plus 3% compensation)	
Statutory Sick Pay (SSP)	
Standard weekly rate	£95.85
Since 6 April 2016, no recovery of SSP has been allowable	

As soon as the proposed figures are officially confirmed, the CIPP will update its members via News Online and update all relevant guidance material in due course.

Back to *Contents*

BEIS issues press release confirming 'Jack's Law' – the legal right to parental bereavement leave

27 January 2020

The Parental Bereavement (Leave and Pay) Act, which received Royal Assent back in September 2018, means that employees who endure the horrendous tragedy of losing a child under the age of 18 or suffer a stillbirth from 24 weeks will have a statutory right to take two weeks leave.

The Department for Business, Energy & Industrial Strategy (BEIS) released a press issue which confirmed that the regulations will be referred to as 'Jack's Law' and are a world first. The department also confirmed that this will be the first of numerous employment reforms which will be implemented to ensure that the UK is the best place in the world to work and to set up a business.

The regulations will be named 'Jack's Law' in memory of Jack Herd. His mother, Lucy Herd, lobbied relentlessly in relation to this matter and her perseverance paid off, as the Parental Bereavement Leave and Pay regulations implement a statutory right for all employed parents who suffer the loss of a child to take two weeks leave, regardless of how long they have worked for their employer. She commented:

"In the immediate aftermath of a child dying, parents have to cope with their own loss, the grief of their wider family, including other children, as well as a vast amount of administrative paperwork and other arrangements. A sudden or accidental death may require a post-mortem or inquest; there is a funeral to arrange; and there are many other organisations to contact, from schools to benefit offices.
When I started this campaign 10 years ago after the death of my son Jack, I always hoped that a positive change would happen in his memory. Knowing that nearly 10 years of campaigning has helped create 'Jack's Law' is the most wonderful feeling, but it is bittersweet at the same time. I am so grateful to all those involved who have helped make this possible. I was told many times that I would not succeed but Jack's Law will now ensure that bereaved parents are better protected in the future."

The leave can be taken as either a single block of two weeks or as two separate weeks, both consistent of a week in length. The full leave allowance must be taken with 56 weeks. This is so that individuals wishing to take the leave in two separate chunks could potentially take a week's leave directly after the death of the child, and then a further week around the time of the anniversary of the death, which has been identified as a further period of substantial difficulty for those grieving the loss of a child.

Business Secretary, Andrea Leadsom, who delivered the press release, commented:

"There can be few worse experiences in life than the loss of a child and I am proud that this government is delivering 'Jack's Law', making us the first country in the world to do so.

When it takes effect, Jack's Law will be a fitting testament to the tireless efforts of Lucy Herd, alongside many charities, to give parents greater support."

There are approximately 7,500 child deaths in the UK each year, roughly 3,000 of which are stillbirths. The government predicts that the new entitlement will benefit around 10,000 parents a year.

On a worldwide scale, very few countries offer such support, and the UK will be the first offering a full two weeks. The new legislation is expected to come into effect from 6 April 2020. Where parents have been employed for a period of six months or more, they will have the option to claim statutory pay for the two-week period, in alignment with other parental entitlements currently in place.

The Employment Bill, which was referenced in the Queen's Speech in December, will signal the introduction of an array of additional measures designed to benefit workers and businesses. Two such measures are carer's leave and neonatal pay.

CIPP comment

Although the article specifies that the legislation will be applicable UK-wide, it is to be noted that at present, no clear decision has been articulated in relation to the intentions of Northern Ireland. Traditionally, Northern Ireland would bring in legislation to mirror other statutory leave and pay. As soon as any further information is available, the CIPP will provide an update.

Back to ***Contents***

Draft legislation relating to Parental Bereavement Leave and Statutory Parental Bereavement Pay published

29 January 2020

Draft legislation has been published in relation to Statutory Parental Bereavement Pay and Parental Bereavement Leave. One document discusses the pay aspect to the new entitlement and the other focuses solely on the leave.

The Statutory Parental Bereavement Pay legislation is separated into four clearly defined sections. The first part is introductory and defines certain terms, specifying when the new entitlement arises. Part two focuses on the subject of entitlement, part three on conditions of entitlement relating to employment and earnings, and part four provides details surrounding the payment of statutory parental bereavement pay.

The document:

- Defines the types of relationships with a child which qualify someone for entitlement when the child dies
- Specifies how many weeks of statutory parental bereavement pay are available to a bereaved parent – either one consecutive block of two weeks or two non-consecutive blocks, each a week in length. The entire amount of pay must be taken within 56 weeks of the child's death
- Confirms what notice and information the bereaved parent must provide - Notice must be given within 28 days of the start of the week(s) the payment must be made in, along with the parent's name and the date of the child's death. In addition, parents must provide a written declaration, on the first occasion that they give notice, that they meet one of the relevant conditions as to relationship with the child who has died.
- Contains provisions with further detail on the conditions relating to employment and earnings that a bereaved parent must satisfy in order to be entitled to statutory parental bereavement pay
- Confirms what the weekly pay rate will be – whichever is smallest of £151.20 or 90% of the employee's Average Weekly Earnings (AWE)

The Parental Bereavement Leave legislation discusses the period of leave that will be granted to bereaved parents - this also has four separate parts. The first section is introductory, part two gives an overview of the entitlement to leave, part three discusses the logistics of taking the leave and part four looks at any contractual rights to bereavement leave, and how they would interact with the new statutory entitlement.

Some of the content is near identical in both documents, but the notice and information that needs to be provided differs where there is no right to statutory parental bereavement pay. In the event that the employee is entitled to leave only, they do not need to provide a written statement and the length of notice that they are required to give prior to taking the leave is dependent on when they take that leave.

Although the draft legislation has now been published, and provides further details surrounding the implementation and processing of statutory parental bereavement pay and parental bereavement leave, it is important to note that it is still subject to Parliamentary approval.

Back to ***Contents***

CIPP webcast on Statutory Parental Bereavement Pay and Parental Bereavement Leave

9 March 2020

Lora Murphy, CIPP Senior Policy Liaison Officer, provides a brief overview of the new statutory right that parents will have to two weeks' worth of parental bereavement leave and in certain scenarios, statutory parental bereavement pay, from 6 April 2020. This is applicable in the truly devastating scenario when employed parents lose a child below the age of 18 or suffer a stillbirth from the 24th week of pregnancy.

CIPP webcast on Statutory parental bereavement pay and leave

Visit My CIPP on our website for other topical webcasts - an easy way to update your team on aspects of payroll legislation.

Back to ***Contents***

Extra pay for parents of children in neonatal care could be announced

11 March 2020

Another of the announcements expected at budget relates to an additional allowance for the parents of children who are born sick or premature and must remain in neonatal care.

It is thought that the parents of premature babies will receive extra paid leave in addition to the current parental allowances, to ensure that parents don't spend the majority of their statutory maternity or paternity leave with their child in hospital, and instead get to spend invaluable time with them at home.

The policy will introduce a right to statutory paid leave while a child is in neonatal care for up to a maximum of 12 weeks and will be available to all parents with a newborn child who must remain in care for a duration of over a week. Currently there is no entitlement to additional leave or pay for the parents of approximately 40,000 children who must spend time in neonatal care each year.

The Conservative Manifesto stated:

"We will legislate to allow parents to take extended leave for neonatal care, to support those new mothers and fathers who need it during the most vulnerable and stressful days of their live."

The Department for Business, Energy and Industrial Strategy (BEIS) launched a consultation that ran from July to October 2019, which requested responses to a raft of proposals concerning improving the balance between work and family life. The CIPP responded to this consultation, and is pleased to hear that there could potentially be more entitlements for the parents of children who must spend time in neonatal care.

A mother from Croydon, Catriona Ogilvy, campaigned for more rights for parents who must spend time in neonatal care, after she had to stay in a neonatal ward with her son, Samuel, who was born ten weeks early. Her campaign was backed by over 350,000 people, and encouraged the Mayor of London, Sony Music and several London councils to give extra leave to staff who welcomed babies early.

Speaking to The Times, Treasury Minister, Kemi Badenoch, said the move would be "historic", and:

"This will be in addition to the usual maternity and paternity leave, and finally give parents the time, the resources and the space to handle these difficult circumstances."

Back to ***Contents***

The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020

16 March 2020

Emergency legislation has been passed via a statutory instrument to amend the Statutory Sick Pay (General) Regulations 1982, to confirm that a person who is self-isolating in line with government advice relating to coronavirus, is deemed as being incapable of work.

This follows on from Chancellor of the Exchequer, Rishi Sunak's announcement that Statutory Sick Pay (SSP) would be payable to not only those testing positive for COVID-19 or displaying its symptoms, but also to those individuals advised to self-isolate.

Regulation 2(1) has been amended to include the following in the definition of those deemed incapable of work:
"He is isolating himself from other people in such a manner as to prevent infection or contamination with coronavirus disease, in accordance with guidance published by Public Health England, NHS National Services Scotland or Public Health Wales and effective on 12th March 2020; and by reason of that isolation is unable to work."

This has confirmed as a temporary measure, applicable for a period of eight months. The legislation is due to expire in eight months, on 12 November 2020.

CIPP comment

The statutory instrument does not suspend the three waiting days that currently need to be observed prior to the payment of SSP, so the CIPP hopes to see a further update that incorporates this in the very near future. Nor does the legislation refer to the recent announcement that businesses with less than 250 staff as at 28 February 2020, will be able to recover up to 14 days SSP from the government.

Back to ***Contents***

Original SSP1 form restored

16 March 2020

The CIPP recently reported that the Department for Work and Pensions (DWP) had published a new version of the SSP1 form, which included the requirement to issue SSP1 forms even for periods of absence lasting less than four days.

The CIPP were surprised at this addition due to the sheer administrative burden that it would bring to payroll professionals. The DWP confirmed that it would redraft the SSP1 form and that it would be published in due course. Employers were advised that they could continue to use the previous form in the interim or could manually or digitally amend the new form accordingly.

The DWP has actually restored the original SSP1 form online, so payroll professionals should continue to use it in the same way as they have done previously.

CIPP comment

The CIPP looks forward to working with HMRC and other stakeholders to feed into improvements to the SSP1 form and similar forms in the future, and to guidance to help employees understand what can be a somewhat complex topic.

Back to *Contents*

Statutory Sick Pay – jargon buster

18 March 2020

From the moment that the Prime Minister first made an announcement that would affect the operation of the Statutory Sick Pay (SSP) that will impact employers and all eligible employees, the CIPP Advisory Service have experienced a significant increase to the number of daily enquiries relating to SSP.

We await updates to legislation and employer guidance that will bring about temporary changes to legislation in response to the Coronavirus (COVID-19).

Statutory Sick Pay was introduced in the 1970's in a bid to reduce the cost to the Benefits System of sick pay, and encourage employers to manage staff absence due to sickness more effectively. Since its introduction one of its key features is the dominance of jargon.

Initially funded by the Government by an offset to the remittances that were to be paid over by the employer, when the Percentage Threshold Scheme came to an end from 2014 SSP became a wholly funded employer cost.

Some of the more commonly used 'jargon' relating to the operation of SSP:

The Period of Incapacity for Work (PIW)

The starting point for SSP to be considered is the PIW, which means that the employee must be incapacitated for a period of not less than four consecutive calendar days. These days do not need to be working days. This is referred to as a 'Period of Incapacity for Work' (PIW).

Qualifying Days

If a PIW has been formed, SSP is payable in respect of Qualifying Days (QDs).

A Qualifying Day is a day of the week:

- on which the employee is required by the contract of employment to be available for work, or
- chosen to reflect the terms of that contract, or
- such day(s) as may be agreed between the employee and the employer.

The Statutory Sick Pay (General) Regulations 1982 state that there must be one qualifying day in each week (a week is a continuous period of seven days beginning on a Sunday) and in the absence of agreement it is a Wednesday.

Waiting Days

Only QDs can be Waiting Days.

SSP is not payable in respect of the first three QDs in a PIW. These first three days are called Waiting Days (WDs). *(It is this area that is expected to see temporary legislation to bring about change due to the Coronavirus COVID-19).*

Although all days may be included when determining whether a PIW has been formed, only QDs can count as Waiting Days. Waiting Days only need to be served once in a PIW or series of linked PIWs.

Linking

Any two PIWs that are separated by up to and including 56 calendar days 'link' and are effectively treated as parts of the same period of incapacity for SSP purposes.

However, a PIW must be formed every time in order for linking to occur. A period of less than four continuous calendar days of incapacity is not a PIW and therefore cannot link with any other period of incapacity.

Rate of SSP

The current weekly rate of SSP is £94.25 (2019-20) increasing to £95.85 (2020-21). Daily rates, based on the number of qualifying days, are available on GOV.UK.

Back to ***Contents***

Government response to neonatal leave and pay consultation published

19 March 2020

Within the 'Good Work Plan: Proposals to support families' consultation that was launched by the Department for Business, Energy and Industrial Strategy (BEIS), one of the sections focused on the topic of neonatal leave and pay. A response to this has now been published, and the next steps have been confirmed.

Within the response document, it confirms that the government is committed to providing parents with an entitlement to take extended leave for neonatal care, in order to provide support to those new mothers and fathers who need it during the most stressful times of their lives. The government will:

- Introduce leave for parents of babies in neonatal care
- Introduce statutory pay for parents of babies in neonatal care
- Legislate to implement the entitlement and the relevant commitments in the forthcoming Employment Bill

The following additional information is also provided in the consultation response:

- The government are intending to carefully consider the question of which care givers should be entitled to neonatal leave and pay, considering the advantages and disadvantages of extending the policy to other groups before defining what a 'neonatal parent' is
- Parents of babies who are admitted into hospital at 28 days old or less will be eligible for neonatal leave and pay where the admission lasts for a continuous period of seven days or more
- Neonatal leave will be available from day one of employment and pay will be available subject to continuity of service and minimum earning factors, in line with other family-related pay rights
- The maximum amount of statutory neonatal leave and pay will be for a duration of 12 weeks
- The government will ensure that neonatal leave and pay will be available to someone after they have taken maternity leave / paternity leave by prescribing a set period in which the neonatal leave and pay must be taken
- Short, informal notice would be acceptable for an employee to take neonatal leave soon after the date of the neonate's admission to hospital. The proposal is that at least one week's notice will be required for neonatal leave that commences at a stage where the child has not recently been admitted into neonatal care
- Parents who qualify for neonatal leave will be afforded the same employment rights and protections as parents taking other relevant family-related leave. This would mean that they have a right to return to the same job after a period of neonatal leave, or where a period of neonatal leave is combined with other periods of relevant family-related leave. For example, they will have a right to return to the same job if they are absent from work for a total period of 26 weeks or less (excluding periods of Unpaid Parental Leave of up to four weeks)

Please follow this link to read the CIPP's response to the original consultation.

The update confirmed that further government responses to the other sections of the 'Good Work Plan: Proposals to support families' would be published in due course, including 'Parental leave and pay' and 'Transparency of flexible working and family related leave and pay policies.'

Back to ***Contents***

Coronavirus Bill: Statutory Sick Pay

23 March 2020

The first reading of the much-anticipated Coronavirus Bill took place in Parliament on 19 March 2020, and the second is scheduled to happen on 23 March 2020. The Bill includes information relating to temporary measures that the government will implement in relation to Statutory Sick Pay (SSP), both in terms of a refund of up to 14 days' worth of SSP per employee for businesses with less than 250 staff and of the payment of SSP from day one of absence as opposed to day four.

SSP was introduced back in 1983 and is payable by an employer to an employee if they are absent from work due to sickness. It is paid at a flat weekly rate and available for a maximum period of 28 weeks.

The Bill maintains that the current SSP system does not provide the flexibility necessary for the response to managing and mitigating the effects of the COVID-19 pandemic. If the COVID-19 outbreak becomes severe, there will be a significant number of individuals off work, which in turn will place financial pressures on employers in the form of substantially increased SSP costs. Legislative amendments are being made to provide relief to employers, and particularly those employers who are classed as small or medium in size.

The Secretary of State will be able to make regulations regarding the recovery from HMRC of additional payments of SSP for certain employers for absences related to COVID-19. Employers need to be supported in periods when their payments of SSP are likely to increase, and it is also important to ensure that employees are incentivised not to attend work when advised not to do so, to prevent the further spread of coronavirus.

SSP is not usually payable for the first three days of sickness, which are often referred to as "waiting days". It has been recognised that this may discourage people from taking sick days, in order to prevent the spread of COVID-19, so the Bill allows for the temporary suspension of waiting days. This is applicable to employees who are absent from work due to COVID-19.

The approach to SSP and waiving waiting days will require flexibility and will need to align with the most up-to-date public health guidance. Guidance issued by Public Health England, National Health Services Scotland, Public Health Wales and the Regional Agency for Public Health and Social Well-being will be used when determining whether an employee should be deemed to be incapable of work by reason of COVID-19, for example, because the employee is self-isolating. Guidance will change frequently, and it is necessary to ensure that those self-isolating in accordance with whatever guidance is provided at the time, are deemed incapable for work and entitled to SSP from day one.

Back to ***Contents***

Student Loans

Scottish Student loan repayment threshold to rise to £25,000

10 July 2018

In Scotland graduates will need to earn £25,000 a year before they start paying back their loans from April 2021.

The First Minister announced that as part of a package of measures:

- the bursary for care-experienced students in further and higher education will be increased this year to £8,100, bringing the support available in line with the Scottish living wage at a cost of around £5.5 million
- £16 million will be invested next year in increasing college bursaries and university grants for students from the lowest income families and expand access to them, and
- the repayment threshold for student loans will be raised to £25,000 from April 2021, and this year the maximum repayment period for student loans will be lowered from 35 to 30 years.

The Programme for Government 2017-18 had previously committed to raising the repayment threshold for student loans to £22,000 by the end of the Parliament, however Nicole Sturgeon confirmed that the Scottish Government will go further and increase it to £25,000 instead.

CIPP comment
The threshold increase for Scottish students will need to be ratified; we will keep the payroll profession updated accordingly.

Back to ***Contents***

Student loan threshold changes for 2020-21

9 August 2019

The Department for Education (DfE) has confirmed the annual updates to the Interest Rates and Thresholds of Income Contingent Student Loans.

The current threshold for 2019-20 for Plan 1 is £18,935 and the DfE have confirmed that from 6 April 2020 the threshold will rise to £19,390 for Plan 1. Earnings above £19,390 will be calculated at the usual rate of 9%.

The current threshold for 2019-20 for Plan 2 is £25,725 and the DfE have confirmed that from 6 April 2020 the threshold for post 2012 loans will rise to £26,575 for Plan 2. Earnings above £26,575 will be calculated at the usual rate of 9%.

The DfE introduced a new loan type from 6 April 2019, Postgraduate Loan (PGL). The current threshold for PGL for 2019-20 is £21,000. For 2020-21 the threshold will remain at £21,000 and earnings above this will continue to be calculated at 6%.

Full details of annual updates to the Interest Rates and Thresholds of Income Contingent Student Loans and Mortgage Style Student Loans can be found on GOV.UK.

Back to ***Contents***

Employer Student Loan / Postgraduate Loan Stop Prompts

23 August 2019

From September 2019, HMRC will send Generic Notification Service (GNS) messages to employers who continue to take Student Loan or Postgraduate Loan (PGL) deductions from their employee after a stop notice (SL2 or PGL2) has been issued.

HMRC is introducing this change to help:

- increase employer compliance with stop notifications and
- reduce the amount that stopped borrowers overpay by.

The GNS messages:

- are a prompt for employers to stop taking deductions from the next available pay day
- will work in the same way as our other GNS Student Loan / PGL prompts
- will be delivered to employers PAYE online accounts.

Employers who continue to take deductions will receive a maximum of 2 GNS message prompts per tax year for each employee and loan type they incorrectly deduct under.

There will be 8 potential notices depending on whether the employee was a Student Loan borrower, a PGL borrower or they never had a loan. The GNS messages will be titled:

IX. Student Loan stopped borrower Prompt 1
X. Student Loan stopped borrower Prompt 2
XI. Postgraduate Loan stopped borrower Prompt 1
XII. Postgraduate Loan stopped borrower Prompt 2
XIII. Student Loan non borrower Prompt 1
XIV. Student Loan non borrower Prompt 2
XV. Postgraduate Loan non borrower Prompt 1
XVI. Postgraduate Loan non borrower Prompt 2.

To help increase awareness of this change, HMRC will add an update to guidance 'Student Loan and Postgraduate Loan repayments: guidance for employers', and also include an article in the October Employer Bulletin and Agent Update.

Back to ***Contents***

Generic Notification Service (GNS) messages

24 September 2019

HMRC has updated its 'Student loan and postgraduate loan repayment guidance for employers' to clarify when and why it sends out GNS messages and the expected action from employers.

The updated guidance is available on GOV.UK and is also reproduced below for your information:

HMRC will send 3 types of student loan GNS reminders.

One is a reminder to start deductions where:

- *you submit a Full Payment Submission (FPS) for an employee who has a student loan or PGL deduction due*
- *the FPS shows a figure of nil*

This GNS reminder is confirmation that HMRC has sent or is in the process of sending you an SL1 or PGL1 'Start Notice' for the employees shown.

The second is a reminder to make deductions using the correct plan type where:

- *you submit an FPS for an employee and have selected the plan type from the drop down box on your payroll software*
- *the plan type declared on the FPS does not match what HMRC hold for that employee*

For each employee shown on the reminder, you should start making the correct deductions from the first available pay day. You should look at the SL1 or PGL1 'Start Notice' or completed starter checklist for details of the correct student loan plan and loan type to use. If you do not have either of these, ask your employee the starter checklist questions.

This will allow you to start deductions using the correct plan and loan type.
If you're paying an occupational pension rather than a salary, you should ignore any student loan GNS message.

The third GNS message, introduced from September 2019, is a reminder to stop student loan or PGL deductions for an employee from the next available pay date.

This GNS reminder is confirmation that HMRC has sent or is in the process of sending you an SL2 or PGL2 'Stop Notice' for the employees shown. This GNS message and the SL2 or PGL2 'Stop Notice' will tell you the correct loan or plan type to stop taking deductions from. If you do not have either of these you can ask your employee.

You will receive these reminders as GNS messages to your Online PAYE account. HMRC recommends that you register for email alerts for these reminders and may contact you to make sure the correct deductions begin.

Back to ***Contents***

New contact details for Student Loan Company enquiries published by HMRC

8 October 2019

HMRC have updated the contact details for any Student Loan Company related queries online. The information can be found here. For further information surrounding student and postgraduate loans for the current tax year and how to proceed in a variety of situations, please see the previously published guidance.

Back to ***Contents***

Generic Notification Service messages for Student and Postgraduate Loans

31 October 2019

Ensure that you check your Online PAYE account for the new messages.

We recently reported that HMRC has published information in the October 2019 Employer Bulletin and also in Tax Agent Update 74 relating to the messages that would be issued to employers who continued to take student and postgraduate loan deductions after receiving stop notices. We are publishing this information again following requests from members.

These 'Generic Notification Service' (GNS) messages will be sent to employers via their Online PAYE account. Companies should register for email alerts that notify them of GNS messages to ensure that they are actioned.

The GNS messages:

- Are a prompt for employers to stop taking deductions from the next available pay day
- Will work in the same way as our other GNS Student Loan / PGL prompts
- Will be delivered to employers PAYE online accounts.

There are eight possible notice types and they relate to whether the employee had a student loan, a postgraduate loan or if they never had a loan in the first instance. The following titles are used:

- Student Loan stopped borrower Prompt 1
- Student Loan stopped borrower Prompt 2
- Postgraduate Loan stopped borrower Prompt 1
- Postgraduate Loan stopped borrower Prompt 2
- Student Loan non borrower Prompt 1
- Student Loan non borrower Prompt 2
- Postgraduate Loan non borrower Prompt 1
- Postgraduate Loan non borrower Prompt 2

The prompts must be actioned to prevent employees overpaying repayments on their loans.

Back to ***Contents***

New student loan repayment system will be launched by government in 2020

3 January 2020

In a bid to modernise the Student Loans Company (SLC) repayment system, it has been confirmed that a new online service will be implemented in 2020, which will allow former students to manage their student loan balance more efficiently and give them access to the most to up-to-date information regarding their loan.

The new system should replace the rather archaic method of circulating annual paper statements that is currently used for communications relating to student loan balance. Due to the previous introduction of Real Time Information (RTI) and the requirement for employers to send Full Payments Submissions (FPS) each pay cycle, there is now the opportunity for more accurate and up to date information to be displayed online in relation to student loans.

Chris Skidmore, the universities minister, commented:

"With more and more people enjoying the benefits of a university education, it's only right that graduates have easy access to the information they need about repaying their student loan.

The government is investing in the student loans system to make it as simple and easy for people to use as possible. I urge all graduates to use this new service and to join the direct debit scheme as they approach the end of their loan to ensure a smooth end and not repay more than they should."

Education Secretary, Gavin Williams also confirmed:

'Millions of graduates will be able to bin their paper statements and access their student loan account online as part of a major revamp to the system."

University tuition fees can currently reach as much as £9,250 a year in England, so students can receive a government loan to cover the cost, along with money to assist with the cost of living.

The repayment threshold will increase for the third consecutive year in April 2020, and students will need to earn at least £19,390 prior to paying any student loan deductions under plan type one, and £26,575 under plan type two. Student loans are calculated at 9% of the amount that someone earns that is above the threshold.

Postgraduate loans are taken at 6% over the threshold, which will remain at £21,000 per annum for tax year 2020-21.

Back to ***Contents***

Coronavirus (COVID-19)

The effect of coronavirus

4 March 2020

The CIPP recently published surveys on different platforms, which asked members how prepared their employers were for the potential effects of coronavirus, in light of the fact that the virus is spreading across Europe and the UK.

The question that was posed was:

"Now that individuals who have visited countries impacted by coronavirus and are showing flu-like symptoms have been told to self-isolate for 14 days, do you have a policy that determines whether or not they will be paid for this period?"

News Online –
Yes – 32%
No – 68%

Twitter –
Yes – 18%
No – 82%

Facebook –
Yes – 25%
No – 75%

Instagram -
Yes – 21%
No – 79%

The results all highlight the fact that the majority of businesses do not have policies in place that establish whether workers will be paid in the event that they are instructed to self-isolate. It would be advisable for those companies to seek some employment law advice and to ensure that they do have policies in place that detail what will happen in this scenario.

The Federation of Small Businesses (FSB) has warned that only a third of small businesses have plans in place to deal with disruption relating to the potential outbreak of coronavirus. It has advised firms to think about the impact of employee absences and travel restrictions, along with potential cashflow and supply chain issues.

Some businesses are encouraging remote working, with Twitter and Google advising its employees to work from home this week. The government has warned that everyone will face increased pressures at work, and that there may be a scenario in which up to one fifth of employees are off work during peak weeks. It has also confirmed that there will be "case-by-case" litigation for small firms who are unable to pay taxes or other duties due to cash flow issues. This will be run through HMRC's "Time to Pay" system.

Back to ***Contents***

Coronavirus: three days more sick pay for self-isolating workers

5 March 2020

Prime minister, Boris Johnson has confirmed that individuals who self-isolate to protect others from the coronavirus will not be "penalised for doing the right thing". Ordinarily, Statutory Sick Pay (SSP) would only be payable from the fourth day of sickness, but it will temporarily be available from day one of absence.

The emergency legislation will provide individuals with an additional £40 (for a seven-day worker), but concerns have already been raised about those who aren't currently eligible for SSP, for example, the self-employed or those who are low earners. To receive SSP, individuals must be earning at least £118 a week, which not all workers do. The current rate of SSP is £94.25 per week, which will increase to £95.85 for tax year 2020-21. Mr. Johnson said "a great many" people would be entitled to receive sick pay, and further commented:

"Others will be entitled to help through existing systems such as universal credit and we are urgently looking at the application process to reflect on the advice on self-isolation."

The chief medical officer in England confirmed that it was "likely" that the virus will become an epidemic in the UK, and the BBC reported that Professor Chris Whitty had warned that up to 80% of the population could be infected with coronavirus "in the worst case scenario".

Please note that there will still need to be a Period of Incapacity for work (PIW), in other words, a period of absence lasting for four days or more. SSP will temporarily be payable from day one of sickness as opposed to day four but there still needs to be an absence extending across four days or more. Absences of three days or less will still not attract SSP payments. The advice is that self-isolation should be practiced for 14 days so employees should be adhering to this.

CIPP comment

The CIPP is eagerly awaiting the publication of the emergency legislation and would like to see information relating to how the new rules will work to answer the questions of those working within the payroll profession. Questions relate to if SSP is payable to people affected by the coronavirus only, or if the temporary changes are applicable to anybody off sick from work? Will the employer be paying the SSP out of their own pocket, or can they reclaim some or all the money back from the government? If so, how will this work through payroll systems? Will the SSP only be

payable for periods of 14 days as per self-isolation guidance, or can it be paid out in shorter or longer periods of sickness?

Back to ***Contents***

Coronavirus guidance for employers and employees – what we know so far

13 March 2020

As the situation relating to coronavirus is constantly and rapidly evolving, and the number of people impacted by the illness is growing, payroll professionals and employees alike have a multitude of questions that they want answers to. The CIPP can't answer every query at the time of publication, but can provide an overview of what official guidance has been provided so far:

Statutory Sick Pay (SSP)

This is temporarily payable to eligible individuals from day one of sickness absence, as opposed to from day four, and is applicable where somebody has either been diagnosed with Covid-19 or if they are following government guidance to self-isolate. The individual still needs to be off for a period of four days or more to qualify for the SSP, but it will be paid from day one of absence, and not just from day four.

For businesses employing less than 250 staff (as at 28 February 2020), the cost of providing a maximum of 14 days of statutory sick pay per employee will be refunded by the government in full. It is estimated that this will help 2 million businesses, with up to £2 billion set aside to cover the cost of large-scale sick leave.

Contractual sick pay

The CIPP cannot advise how to proceed indefinitely in relation to contractual sick pay and the coronavirus. How contractual sick pay is paid will be dependent on each individual company's policy, but the ACAS advice is that it would be good practice to pay contractual sick pay if it is offered to employees.

Where an employee has returned from a specific area heavily affected by coronavirus, and so has been advised not to come to work, they should receive their usual pay.

Medical evidence

By law, medical evidence is not required for the first seven days of sickness, and individuals can self-certificate up until that point. Ordinarily, beyond day seven of absence, the employer would require some form of fit note issued by a GP or doctor to cover any further period of absence. Employers are being strongly advised to use their discretion around the need for medical evidence in relation to employees who are advised to self-isolate, or who become unwell as a result of Covid-19. At Budget, Chancellor Rishi Sunak, confirmed that people who are advised to self-isolate will be able to obtain an alternative to the fit note, by calling NHS 111 without the need for them to attend an appointment with a doctor, in a bid to slow the spread of coronavirus.

Time off for dependents

Employees have an entitlement to take time off work to help someone who depends on them, in an unexpected event or emergency, and this is applicable to the current situation with coronavirus. There's no statutory right to pay for this period but employees should be able to look after their children or any other dependents if, for example, their school is closed, or they need to go into isolation or hospital.

Support for those ineligible for SSP

Self-employed people and people who earn below the Lower Earning Limit are not entitled to SSP. The government is encouraging these people to make the best use of Employment and Support Allowance and Universal Credit. 'New style' Employment and Support Allowance will be payable for people affected by Covid-19 or in self-isolation following government advice, from the first day of sickness as opposed to the eighth. There will be no requirement to attend job centre appointments for individuals affected by Covid-19 or in self-isolation, in order to claim Universal Credit. Throughout the duration of the outbreak, the minimum floor in Universal Credit will be temporarily relaxed.

The government has also released the following information.

On 11 March 2020,, the Secretary for Health and Social Care, Matt Hancock, confirmed that emergency legislation would be "set out before the House next week" so we should see a Covid-19 Bill shortly, which will contain further details.

As soon as any further updates become available, the CIPP will update its members via News Online.

Back to ***Contents***

The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020

16 March 2020

Emergency legislation has been passed via a statutory instrument to amend the Statutory Sick Pay (General) Regulations 1982, to confirm that a person who is self-isolating in line with government advice relating to coronavirus, is deemed as being incapable of work.

This follows on from Chancellor of the Exchequer, Rishi Sunak's announcement that Statutory Sick Pay (SSP) would be payable to not only those testing positive for COVID-19 or displaying its symptoms, but also to those individuals advised to self-isolate.

Regulation 2(1) has been amended to include the following in the definition of those deemed incapable of work:
"He is isolating himself from other people in such a manner as to prevent infection or contamination with coronavirus disease, in accordance with guidance published by Public Health England, NHS National Services Scotland or Public Health Wales and effective on 12th March 2020; and by reason of that isolation is unable to work."

This has confirmed as a temporary measure, applicable for a period of eight months. The legislation is due to expire in eight months, on 12 November 2020.

CIPP comment

The statutory instrument does not suspend the three waiting days that currently need to be observed prior to the payment of SSP, so the CIPP hopes to see a further update that incorporates this in the very near future. Nor does the legislation refer to the recent announcement that businesses with less than 250 staff as at 28 February 2020, will be able to recover up to 14 days SSP from the government.

Back to ***Contents***

Coronavirus latest guidance and legislative updates

18 March 2020

The situation in relation to coronavirus is rapidly evolving and things are changing every day. After laying emergency legislation on 12 March 2020, the government then pushed through a secondary piece of legislation on 16 March 2020.

The initial legislation lay the ground for anyone in self-isolation due to potential infection of COVID-19 to be deemed as being 'incapable for work'. This new legislation came into force from 13 March 2020, and will be applicable for an eight-month period, up until 13 November 2020.

The second piece of legislation was published on 16 March 2020, to come into effect from 17 March 2020. The key difference between the two items was that the government guidance on 16 March advised individuals to self-isolate for a period of 14 days but before that point, the instruction was to self-isolate for seven days. The secondary legislation allows for the 14-day period of self-isolation.

The Department for Work and Pensions (DWP) has also published updated guidance in relation to 'coronavirus and claiming benefits'. Within the guidance, it states:

"If you cannot work due to coronavirus and are eligible for Statutory Sick Pay, you will get it from day one, rather than from the fourth day of your illness. DWP intends to legislate so this measure applies retrospectively from 13 March 2020.

Statutory Sick Pay will be payable if you are staying at home on Government advice, not just if you are infected by coronavirus. This will apply from 13 March 2020."

There has been much confusion relating to when the rules relating to SSP being paid from day one as opposed to day four would be applicable from, but this latest piece of guidance gives pretty much concrete confirmation that it took effect from 13 March 2020.

CIPP comment

At the point of writing, the legislation relating to SSP being paid from day one, and any regulations relating to the fact that employers with less than 250 staff can reclaim up to 14 days' worth of SSP for coronavirus related absence per employee, are yet to be seen. As soon as there are any further updates for payroll professionals to be aware of, the CIPP will update its members via News Online.

Back to ***Contents***

IR35 reforms delayed for 12 months amidst coronavirus outbreak

19 March 2020

Chief Secretary to the Treasury, Steve Barclay, confirmed in parliament on the evening of 17 March 2020 that the reforms to the off-payroll working rules, initially due to take effect from 6 April 2020, would actually be delayed for a period of 12 months, until 6 April 2021.

He stated:

"I can also announce that the Government are postponing the reforms to the off-payroll working rules IR35 from April 2020 to 6 April 2021. The Government will therefore not move the original resolution tonight but will shortly table an additional resolution confirming that we will reintroduce the off-payroll working rules provisions by amending the Bill, with a commencement date of the 6 April 2021. This is a deferral in response to the ongoing spread of covid-19 to help businesses and individuals. This is a deferral, not a cancellation, and the Government remain committed to reintroducing this policy to ensure that people who are working like employees, but through their own limited company, pay broadly the same tax as those employed directly."

This is part of additional support for businesses and individuals to deal with the economic impacts of Covid-19. This means that the different rules that exist for inside and outside the public sector will continue to apply until 6 April 2021.

It is important for payroll professionals any other impacted individuals to remember that the reforms are being postponed, and not completely cancelled, so it would be advisable to remain informed about the changes that will come into effect from 6 April 2021.

CIPP comment

The CIPP understands that members must have an abundance of questions in relation to the postponement of the implementation of the changes to IR35 / off-payroll working rules. As soon as any further information becomes available, it will be posted via News Online and various social media platforms to ensure that members are as up to date as possible. Unfortunately, within the current economic and social climate, with everything being affected by coronavirus, it is not certain what will change from one day to the next.

Back to ***Contents***

‘Payments providers’ listed as key workers

20 March 2020

Boris Johnson announced that, in response to the COVID-19 outbreak, on March 20 2020, all schools would be shut down “until further notice” for all children with the exception of those identified as being vulnerable, or whose parents are classed as key workers. Within guidance , the list of key workers included ‘some financial services’ and even more interestingly, ‘payments providers’.

Recently provided scientific advice maintained that where children could safely remain at home, they should, to further limit the chances of the virus spreading. The government has therefore confirmed that parents should keep their children at home, where possible, and that schools should only remain open for those who definitely must attend. This includes vulnerable children and children whose parents are critical to the coronavirus outbreak response. These parents are referred to as key workers.

Key workers include individuals who work within:

- Health and social care
- Education and childcare
- Key public services
- Local and national government
- Food and other necessary goods
- Public safety and national security
- Transport
- Utilities, communication and financial services

Children whose parents work in one of these critical sectors and cannot be kept safe at home whilst their parents carry out their jobs, will be prioritised for the purposes of education provision.

Update: After contacting the Department for Education directly, the CIPP can confirm that payroll professionals are undoubtedly classified as key workers.

CIPP comment

Within the definition of ‘Utilities, communication and financial services’, it states that this is inclusive of ‘payments providers’. This is a relatively broad statement, so the CIPP considers whether this refers to payment services providers, who support the UK payments infrastructure, e.g. BACS, or does it seek to incorporate the wider population of payroll professionals?

The work of payroll professionals will be imperative throughout the outbreak of coronavirus in ensuring that staff up and down the country receive their pay, correctly and on time. The CIPP will be lobbying to ensure that the importance of the payroll profession is known, and how it will be particularly integral to supporting the country’s economy, and its people, over the coming weeks and months.

Update: It has been confirmed that payroll professionals are been classified as key workers. This is in recognition of the fundamental role that they will play throughout the duration of the coronavirus outbreak in terms of ensuring that Britain continues to be paid, both accurately and on time.

Back to ***Contents***

Face to face interviews suspended for sickness and disability claimants for three months

20 March 2020

Face-to-face interviews and assessments for all sickness and disability benefits will be suspended for the next three months, effective from 17 March.

Department for Work and Pensions (DWP) continue to release updates in response to Coronavirus COVID-19. This temporary move, effective from Tuesday 17 March 2020, is being taken as a precautionary measure to protect vulnerable people from unnecessary risk of exposure to coronavirus as the country's response ramps up in the 'delay' phase.

It will affect claimants of Personal Independence Payment (PIP), those on Employment and Support Allowance (ESA) and some on Universal Credit, and recipients of Industrial Injuries Disablement Benefit.

The suspension of face-to-face assessments also covers new claims to those benefits.

Work and Pensions Secretary Thérèse Coffey said:

"As we move into the next phase of our response to coronavirus, it is right we take steps to protect those with health problems.

Temporarily suspending face-to-face assessments for sickness and disability benefits will allow us to ensure we continue to provide a safety net for those in need, while removing unnecessary risk of exposure to this disease."

Anyone who has a face-to-face assessment appointment scheduled from Tuesday 17 March onwards does not need to attend and will be contacted to discuss next steps and alternative arrangements, which could involve either telephone or paper-based assessments. DWP expect this measure will be in effect for the next 3 months but will be regularly reviewing the position in line with Public Health advice.

No further action is required by any claimant as a result of this change. They will be contacted with advice on next steps.

Anyone already receiving PIP, ESA, Universal Credit or Industrial Injuries Disablement Benefit will continue to receive their current payments as normal.

Anyone can continue to make a new claim for benefit as usual.

Suspending face-to-face health assessments is a precautionary measure which reflects the Prime Minister's decision to trigger the 'delay' phase. It is important to note that this change does not affect or change any existing public health advice.

Back to ***Contents***

The government of Jersey releases advice for businesses and individuals in relation to COVID-19 outbreak

20 March 2020

The government of Jersey has published advice for businesses in relation to containing the spread of coronavirus, and the government support available to them during the outbreak.

Several Ministers have agreed a range of measures to mitigate the effect of coronavirus on the Island economy, which include:

- The deferral of the payment of Social Security contributions
- The deferral of the payment of the Goods and Service Tax (GST) by GST-registered businesses
- Payment deferrals where the government is a landlord to a local business (directly or through a government-owned company)

To provide further detail, with immediate effect, businesses with less than 80 employees, and self-employed individuals can opt to defer their Social Security contribution payments for A and B quarters (payments due in April and July). For

businesses with more than 80 employees, they can request a deferral of their social security contributions. Any questions should be directed to sscontributions@gov.je.

With immediate effect, GST-registered businesses can choose to defer the payment of GST relating to returns ending 31 March, 30 April, 31 May and 30 June (quarterly and monthly). The payment of these figures will be deferred to no later than 12 months after the date they would have normally been due. Further information will be provided in due course, and the measure will be kept under review. The government is encouraging businesses that can afford to repay to do so, to avoid the requirement to repay at a later point in time. It is reiterated that this is not a cancellation of monies owed, but a deferral to assist businesses in managing their cash flows during these exceptional circumstances. Affected businesses and self-employed individuals should continue to file all returns and schedules as usual, but payment is not required until they choose to do so. No notification is required relating to payment deferments, unless the business has more than 80 employees and wishes to defer social security contributions. Businesses in this position should contact sscontributions@gov.je.

Benefit entitlements will remain unaffected if businesses return their schedules at the usual time. Employees will be credited with a contribution record in the normal way, and self-employed individuals will have their record updated as usual.

It is expected that the measures will be in place until the end of June, but the government will review the situation on an ongoing basis.

No changes will be implemented in relation to the Income Tax Instalment Scheme (IT IS), so employers should continue to deduct income tax and Long Term Care (LTC) contributions, making returns and payments as usual. GST remains chargeable on the supply of goods and services to consumers in the normal way.

For individuals who are self-isolating due to Coronavirus, and don't have the option to work from home, there is an entitlement of £222.53 per week from the day that self-isolation commenced if:

- They have a fever and two of the following: headache, muscle aches, cough –seven-day sickness benefit
- They are following the latest government advice on travel –14 days sickness benefit
- They have been instructed to do so by Environmental Health

To claim sickness benefit, individuals should email the Health Team or call +44 (0) 1534 444444 during working hours.

Back to ***Contents***

Payroll professionals are classified as key workers

23 March 2020

Following on from speculation this morning, the CIPP has contacted the Department for Education to seek clarification, and it has been confirmed that payroll professionals would definitely be classified as key workers.

The advice provided was that payroll roles would fit squarely within the category of "utilities, communications and financial services", and there was no doubt that a payroller would be deemed a key worker.

This means that those who work within the payroll profession and have children, should contact their child's school or nursery as soon as possible to confirm whether they will still be able to send their child during the outbreak of coronavirus, and to discuss arrangements.

Back to ***Contents***

HMRC circulates latest guidance for businesses and employees in relation to the coronavirus outbreak

23 March 2020

On 20 March 2020, HMRC circulated further guidance for both employers and employees regarding the escalating situation in relation to the outbreak of coronavirus.

It would be highly beneficial for businesses and their staff to familiarise themselves with this information, and to keep updated as the situation is evolving daily.

The Chancellor announced a range of temporary measures designed to assist the public services, individuals and companies through the inevitable period of disruption, caused by COVID-19.

The guidance is comprehensive, and for employers covers the topics of:

- A Coronavirus Job Retention Scheme
- Deferring VAT and Income Tax payments
- A Statutory Sick Pay relief package for SMEs
- A 12-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England
- Small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief
- Grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- The Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank
- A new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans
- The HMRC Time To Pay Scheme

Of particular note is the information relating to the Coronavirus Job Retention Scheme. This scheme will allow all UK employers to access support to allow them to continue paying part of their employees' salary for any individuals that would have otherwise been laid off during this crisis. All UK businesses are eligible and will need to designate any affected employees as 'furloughed workers', notifying them of this change to their employment status. They will also need to submit information to HMRC in relation to employees that have been furloughed and provide details of their earnings through a new online portal. HMRC will then reimburse 80% of the costs of workers' wages, up to a cap of £2,500 per month. HMRC is working urgently to set up a system for this reimbursement, as current systems do not facilitate payments to employers. For businesses in need of short term cash flow support, they may be eligible for a Coronavirus Business Interruption Loan.

There is further discussion of the government's plans to reimburse up to two weeks' worth of Statutory Sick Pay (SSP), per eligible employee absent due to COVID-19, for employers with less than 250 staff, as of 28 February 2020. Employers are advised to retain records of staff absences and SSP payments, but employees do not need to provide a GP fit note. If employers do require evidence, those with symptoms can obtain an isolation note from NHS 111 online, and those who live with someone displaying symptoms of COVID-19 can get a note from the NHS website. The government will be working over the coming months to set up the repayment mechanism as soon as possible.

There will also be support for businesses paying tax through HMRC's Time To Pay service, so that any businesses or self-employed individuals in financial distress, with outstanding tax liabilities, may be eligible to receive support with their tax affairs. The arrangements are to be agreed on a case-by-case basis and will be tailored to individual circumstances and liabilities. For those who have missed a tax payment, or are worried they may miss their next payment due to COVID-19, there is a dedicated helpline that they should call – 0800 0159 559.

The guidance for employees covers the following subjects:

- Staying at home
- Sick pay
- Furloughed workers
- Claiming benefits

Back to ***Contents***

Coronavirus Bill: Statutory Sick Pay

23 March 2020

The first reading of the much-anticipated Coronavirus Bill took place in Parliament on 19 March 2020, and the second is scheduled to happen on 23 March 2020. The Bill includes information relating to temporary measures that the government will implement in relation to Statutory Sick Pay (SSP), both in terms of a refund of up to 14 days' worth of

SSP per employee for businesses with less than 250 staff and of the payment of SSP from day one of absence as opposed to day four.

SSP was introduced back in 1983 and is payable by an employer to an employee if they are absent from work due to sickness. It is paid at a flat weekly rate and available for a maximum period of 28 weeks.

The Bill maintains that the current SSP system does not provide the flexibility necessary for the response to managing and mitigating the effects of the COVID-19 pandemic. If the COVID-19 outbreak becomes severe, there will be a significant number of individuals off work, which in turn will place financial pressures on employers in the form of substantially increased SSP costs. Legislative amendments are being made to provide relief to employers, and particularly those employers who are classed as small or medium in size.

The Secretary of State will be able to make regulations regarding the recovery from HMRC of additional payments of SSP for certain employers for absences related to COVID-19. Employers need to be supported in periods when their payments of SSP are likely to increase, and it is also important to ensure that employees are incentivised not to attend work when advised not to do so, to prevent the further spread of coronavirus.

SSP is not usually payable for the first three days of sickness, which are often referred to as “waiting days”. It has been recognised that this may discourage people from taking sick days, in order to prevent the spread of COVID-19, so the Bill allows for the temporary suspension of waiting days. This is applicable to employees who are absent from work due to COVID-19.

The approach to SSP and waiving waiting days will require flexibility and will need to align with the most up-to-date public health guidance. Guidance issued by Public Health England, National Health Services Scotland, Public Health Wales and the Regional Agency for Public Health and Social Well-being will be used when determining whether an employee should be deemed to be incapable of work by reason of COVID-19, for example, because the employee is self-isolating. Guidance will change frequently, and it is necessary to ensure that those self-isolating in accordance with whatever guidance is provided at the time, are deemed incapable for work and entitled to SSP from day one.

Back to ***Contents***

BEIS issues a bulletin relating to COVID-19 and National Minimum / National Living Wage

24 March 2020

The Department for Business, Energy and Industrial Strategy (BEIS) has issued a bulletin addressing the issue of coronavirus in relation to the National Minimum Wage (NMW) and the National Living Wage (NLW).

The bulletin confirms that, despite current circumstances, employers still have a responsibility to pay at least the NMW / NLW to workers, and that workers cannot forfeit their entitlement to the NMW / NLW. During this period, HMRC will continue to respond to the complaints of workers, and to protect workers’ rights. HMRC aims to provide further education for employers and will still be asking employers to self-correct in appropriate circumstances.

The government has received questions relating to situations where workers are temporarily not working or having to work reduced hours, but where the employer wishes to continue paying them. The advice is that, if this is related to coronavirus, businesses investigate whether the Coronavirus Job Retention Scheme is applicable.

For employers considering pay advances or employer loans for their workers, the guidance given is as follows:

- Pay advances – Workers can be paid an advance of pay at any time. These arrangements should be recorded correctly, e.g. on payslips or written agreements between parties, to ensure that workers are paid at least minimum wage rates for any time that they do work. Future deductions from employee pay to recover the previous advance of pay, if clearly recorded, will not reduce a worker’s pay for NMW / NLW purposes. Similarly, the advance or the loan does not count for NMW / NLW purposes in the period in which the money is paid to the worker. The worker still needs to be paid at NMW / NLW or above for the hours they have actually worked, even in pay periods in which they receive a loan or advance.
- Employer loans – If an employer loans an amount to a worker, any deductions linked to the repayment of this loan will not reduce the worker’s minimum wage pay. Again, the crucial point is that any loans should be clearly documented.

There is guidance available on National Minimum Wage legislation at Gov.UK. The Advisory, Conciliation and Arbitration Service (ACAS) can also be contacted on 0300 123 1100, and they can give advice to both employers and workers. The HMRC Community Forum is another resource that can be used to ask questions in relation to NMW / NLW.

CIPP comment

The CIPP has been asked whether there will be a delay to the increase to the rates of National Minimum Wage and National Living Wage due to the economic uncertainty being caused by Coronavirus.

We have no reason to believe that any steps are being taken to reverse legislation however we have asked the question of BEIS and will update you with further news if we receive anything further.

Back to ***Contents***

Coronavirus – online isolation notes now available

24 March 2020

Rishi Sunak announced within his Budget speech, that an alternative to the fit note would be available during the coronavirus outbreak, to help contain the spread of the illness by hopefully preventing people from leaving their houses with the intention of obtaining a fit note from their GP.

For the first seven days of absence, employees can self-certify, but after that point, employers may request evidence of the sickness absence. Employers have been advised to take a flexible approach to the request for evidence, given the current circumstances, as individuals may be too unwell to provide documentation straight away.

Any individuals displaying symptoms of coronavirus can get an isolation note from NHS 111 online, and those living with someone symptomatic of COVID-19 can get a note from the NHS website. The NHS111 website asks several questions, and should the answers indicate that the relevant individual is displaying symptoms of coronavirus, an isolation note will be emailed to the relevant address. If the answers are completed and suggest that the individual is not displaying symptoms of coronavirus, a page will appear to inform them of that fact.

Individuals who need to claim Universal Credit or Employment and Support Allowance due to coronavirus will not be required to produce either a fit note or an isolation note at present.

If an employee does not have an email address, they can have the note sent to an appointed family member or friend, or even directly to their employer. The service may also be used in order to generate an isolation note on someone else's behalf, should they not have the ability to use the service themselves.

Matt Hancock, the Health and Social Care Secretary, commented:

"It is absolutely vital we do everything we can to ease the burden on our healthcare professionals, allowing them to spend as much time as possible with those patients that need them most.

Digital isolation notes will provide reassurance to those self-isolating and their employers while also reducing the pressure on our NHS, so they can continue doing all they can to protect the people of this country and save lives."

Back to ***Contents***

What is a 'furloughed worker'?

24 March 2020

The term 'furloughed worker' is not a familiar term used in relation to employment law within the UK. However, the government's announcement about new support measures in relation to the coronavirus outbreak has changed this, as everyone now wants to understand what a 'furloughed worker' is and what the implications will be.

'Furloughed workers' are common in the United States, and the term 'furlough' relates to the temporary leave of an employee / employees due to the special needs of a company or employer, attributable to the economic conditions at a specific employer, or in the economy as a whole.

The Chancellor, Rishi Sunak, announced that if employers cannot cover staff costs due to COVID-19, they may have the option of accessing support to continue paying a portion of employee wages, in order to avoid the difficult situation of having to make redundancies. Support would be available through the Coronavirus Job Retention Scheme. It is important to note that these payments are available where there would have otherwise been a redundancy situation.

In order to access the scheme, employers will need to discuss the need to reassess impacted employees as 'furloughed workers', and to have discussions with those affected. For employers, changing the status of an employee remains subject to existing employment law and contract dependant, may be subject to negotiation. Employers will then be required to submit information relating to furloughed employees and their earnings to HMRC via a new online portal. This has not been set up yet but will be available in due course.

Employees should not complete any work for their employers throughout the time in which they are furloughed. This will enable employers to claim a grant of up to 80% of their wages for employee employment costs, up to a cap of £2,500 per month. Workers are still classed as being employed for the period in which they are furloughed, and employers could opt to fund the differences between the payment from the government and their salary, but there is no mandatory requirement for them to do so. Therefore, if employee pay is reduced as a result of these changes, they may be eligible for support through the welfare system, inclusive of Universal Credit.

The Coronavirus Job Retention Scheme is expected to run for a period of at least three months, from 1 March 2020, but it will be extended if necessary.

Back to ***Contents***

Proposed amendment to Coronavirus Bill – 'Statutory Self-Employment Pay'

24 March 2020

In order to support freelancers and self-employed people through the outbreak of coronavirus, the House of Commons Public Bill Committee has put forward an amendment to the Coronavirus Bill, with the title 'Statutory Self-Employment Pay'.

Should the amendment be accepted, it will mean that the government will 'top up' the earnings of self-employed people and freelancers up to 80% of their monthly net earnings, averaged over the previous three years, or £2,917 per month. The figure payable will be whichever is the lower of the two.

Back to ***Contents***

Enforcement of the gender pay gap reporting deadlines suspended for this year

25 March 2020

The Government Equalities Office (GEO), along with the Equality and Human Rights Commission (EHRC) have confirmed that, in response to the outbreak of coronavirus, the enforcement of the gender pay gap reporting deadlines will be suspended for the current reporting year, 2019-20.

There is no expectation on employers to provide their gender pay gap data.

In a joint statement, Minister for Women & Equalities, Liz Truss, and EHRC Chair, David Isaac, said:

"We recognise that employers across the country are facing unprecedented uncertainty and pressure at this time. Because of this we feel it is only right to suspend enforcement of gender pay gap reporting this year.

26% of expected gender pay gap reporters, which equates to 3000 employers, have already submitted their data via the Gov.UK website for the tax year, and the GEO will continue to provide support to employers in reporting their data should they wish to do so.

Under normal circumstances, the EHRC can investigate employers who fail to report their gender pay gap data, and they could potentially be presented with an unlimited fine if court action dictates it.

Gender pay gap reporting legislation, introduced in 2017, ordinarily requires businesses with 250 or more employers to publish statutory calculations on an annual basis, to demonstrate how large the pay gap is between their male and female employees. The deadline for reporting that data would have been 30 March 2020 for public sector bodies, and 4 April 2020 for private companies.

Back to ***Contents***

HMRC text message scam warning

26 March 2020

The CIPP has received reports of scam text messages that are being circulated, from sources purporting to be HMRC, and advising that, due to the coronavirus outbreak, those targeted are entitled to a tax refund.

The text message contains a link which claims that individuals should follow it, in order to calculate the refund that they are entitled to. The advice is that people should never click on the link, to ensure that their personal details aren't compromised.

The message appears to originate from contact number +447517309365.

HMRC takes security very seriously and this is an additional reminder that you need to be alert, particularly given current circumstances. If you cannot verify the identity of the person sending the text message, you should not click on any associated links, and refrain from providing any personal details.

You should report these incidents on the Action Fraud website or you can call them on 0300 123 2040 (Please note this number will be charged at your normal network rate).

A reminder that:

You will never receive an email, text message or phone call from HM Revenue and Customs (HMRC) which:

- Tells you about a tax rebate or penalty
- Asks for your personal or payment information

Always check HMRC's guidance on recognising scams if you're not sure.

You can report something suspicious to HMRC's phishing team, for example:

- A text message (forward it to 60599 - you'll be charged at your network rate)
- An email
- Details of a phone call asking for personal information or threatening a lawsuit

To learn more about dealing with phishing and scams visit GOV.UK. You can also refer to HMRC security advice.

Back to ***Contents***

Chancellor announces measures to protect the self-employed during the coronavirus outbreak

27 March 2020

Chancellor, Rishi Sunak, addressed those individuals who are self-employed, reassuring them "you have not been forgotten".

The government will pay self-employed people affected by the coronavirus outbreak a direct cash grant of up to £2,500 per month, of 80% of their average monthly profits over the previous three years, in alignment with how the government will reimburse employers in relation to the salaries of furloughed workers.

The grant will be available to millions of self-employed individuals, for a minimum period of three months. The government have given it the title, the 'Self-Employed Income Support Scheme', and it will cover 95% of people who receive most of their income from self-employment. Anyone wishing to apply directly to HMRC for the taxable grant will be required to complete a simple online form, and the cash will be paid directly into the their bank account.

The scheme is open to anyone with a trading profit of less than £50,000 in 2018-19 or an average trading profit of below £50,000 from 2016-17, 2017-18 and 2018-19. More than half of the income of these individuals must have been obtained through self-employment, and to minimise fraud, only those who are already in self-employment will be eligible. HMRC will identify any eligible taxpayers and provide guidance on how to apply by contacting them directly. The advice given is not to contact HMRC at this stage, as following eligibility checks, application invites will be sent once the scheme is operational.

HMRC is designing the income support scheme and it will cover the three months to May. The grants will be paid in a single lump sum instalment covering all three months and will be paid at the start of June.

Anyone who pays themselves a salary and dividends through their own company are not covered by the scheme but will be covered by the Coronavirus Job Retention Scheme if they utilise PAYE schemes.

The Chancellor said:

"Self-employed people are a crucial part of the UK's workforce who've understandably been looking for reassurance and support during this national emergency.

The package for the self-employed I've outlined today is one of the most generous in the world that has been announced so far. It targets support to those who need help most, offering the self-employed the same level of support as those in work.

Together with support packages for businesses and for workers, I am confident we now have the measures in place to ensure we can get through this emergency together."

Back to ***Contents***

HMRC helpline established to assist businesses affected by COVID-19

27 March 2020

For businesses and self-employed individuals who are worried about not being able to pay their tax due to the outbreak of coronavirus, HMRC has set up a dedicated phone helpline to provide support.

There are up to 2,000 experienced call handlers available, and they are on hand to support businesses and impacted individuals where necessary, and any business or self-employed person can use the service to access practical help and advice.

HMRC will discuss the following options with people unable to pay:

- Setting up an instalment arrangement
- Suspension of debt collection proceedings
- The cancellation of penalties and interest where there are administrative difficulties in contacting or paying HMRC immediately

The helpline number is 0800 024 1222, and the opening hours are Monday to Friday 8am to 4pm. The service is not available on Bank Holidays.

Back to ***Contents***

Coronavirus Job Retention Scheme guidance published

27 March 2020

The anticipated guidance in relation to the Coronavirus Job Retention Scheme (CJRS), which will see employers reimbursed for 80% of employee salaries up to a cap of £2,500 per month and associated wage costs for furloughed workers, has been published.

There is information designed to assist employees, and a separate guidance page for employers.

The advice given is that should employee and employer agree, a company may place the employee 'on furlough' where they're unable to operate or have no work available due to coronavirus. The employer must write to the employee to state that they have been furloughed and should keep a copy of the correspondence.

Employees can receive 80% of their wages, up to a monthly cap of £2,500 and they will continue to pay taxes in the usual manner. They will pay income tax, national insurance contributions and employee automatic enrolment contributions (on qualifying earnings), unless they have opted out of the scheme, or choose to stop contributing.

Employees must not complete any work for their employer in the period in which they are on furlough, so must not provide services or generate any revenue. If employees are still working, but on, for example, reduced hours, then their employer must continue to pay them accordingly and will not be able to claim this back through the CJRS. Employees are still able to complete volunteer work or training, but if they are, for example, completing an online training course, they must be paid at least the National Living Wage (NLW) or National Minimum Wage (NMW) for the hours that they spend doing so. The guidance confirms that as NMW / NLW is only applicable to the hours someone works, it does not apply to furloughed workers as they are not carrying out any work.

It is hoped that the scheme will be operative by the end of April, and the grant will start on the day a person is placed on furlough and can be backdated to 1 March 2020.

Any UK employers with a UK bank account can claim, but employees must have been on their employer's PAYE payroll on 28 February 2020. Employees can be on any of the following types of contract:

- Full-time employees
- Part-time employees
- Employees on agency contracts
- Employees on flexible or zero-hour contracts

This scheme is not applicable to the self-employed or to any income obtained through self-employment. There is a separate scheme that will be implemented for these individuals, as announced by the Chancellor, Rishi Sunak, on 26 March 2020.

In circumstances where employees are on sick leave or self-isolating due to COVID-19, Statutory Sick Pay (SSP) is payable for that period, but they can be furloughed after this point. Individuals who are shielding in line with public health guidance should speak to their employer about whether they intend to place staff on furlough, but employers do have the option to place these people on furlough.

The expectation is that not many public sector organisations will utilise the scheme as most public sector workers will continue to provide essential services for the duration of the coronavirus outbreak. Employers in receipt of public funding for staff costs should continue to use that money to pay staff as usual, and there is no requirement to furlough them. The same applies to non-public sector employers receiving public funding for staff costs. Organisations accessing public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff.

For anybody made redundant after 28 February 2020, their employer can agree to re-employ them and instead place them on furlough.

Employees can be placed on furlough by one employer but continue to work for another. Those placed on furlough by more than one employer will receive separate payments from each employer.

For individuals earning less due to being on furlough, their Universal Credit payments might change to reflect this. For women on Maternity Leave, those eligible for Statutory Maternity Pay (SMP) or Maternity Allowance (MA), normal rules apply, and they will be entitled to 39 weeks of SMP or MA. For employers who provide more than the statutory rate of maternity pay, this falls within the wage costs that the employer can claim back through the scheme, and the

same applies if individuals qualify for contractual adoption pay, paternity pay or shared parental pay. For those who are currently pregnant and due to start Maternity Leave, they should start their leave as normal. If someone's earnings have reduced due to a period of furlough or Statutory Sick Pay (SSP) prior to the commencement of Maternity Leave, they should be aware that this may affect their SMP.

Employees on unpaid leave cannot be furloughed, unless they were placed on unpaid leave after 28 February 2020. Claims can be for a minimum of three weeks and a maximum of three months, but this may be extended in dependent on how the situation relating to the outbreak of coronavirus evolves. Employers can choose to pay more than the grant but there is no requirement to do so.

Where individuals have been employed for a full year, their monthly earnings will be calculated based on the higher of either:

- The amount earned in the same month the previous year
- The average of the monthly earnings from the last year

For those in employment for less than a year, employers will claim the average of the monthly earnings they've received since they started work. This will also apply where monthly pay is variable, for example, for those on zero-hours contracts. For anybody who started work in February 2020, their employer will pro-rata their earnings from that month. Fees, commissions and bonuses should not be included.

Once the employee's salary claim figure has been established, employers must calculate the amount of ER National Insurance (NI) contributions and minimum automatic enrolment employer pension contributions they can claim, as they will be reimbursed in addition to the 80% of the employee's salary, or £2,500 per month.If employers decide to top up employee salaries, they cannot claim for the associated ER's NI and automatic enrolment pension contributions through the scheme

The scheme is open to all UK employers who had created and started a PAYE payroll scheme on 28 February 2020, and they must have a UK bank account. Any UK organisation with employees can apply, including:

- Businesses
- Charities
- Recruitment agencies (agency workers paid through PAYE)
- Public authorities

If a company has been taken under the management of an administrator, that administrator will have access to the Job Retention Scheme.

In order to make a claim, employers will need:

- Their ePAYE reference number
- The number of employees being furloughed
- The claim period start and end date
- The amount claimed (per the minimum length of furloughing of three weeks)
- Their bank account number and sort code
- Their contact name
- Their phone number

Claims can be backdated to 1 March 2020, where applicable. HMRC will pay the amounts via BACS to the designated employer bank account.

When the scheme ends, employers must decide whether employees can return to their duties, and if they can't, redundancies may be considered.

Employees who have been furloughed retain the same employment rights, such as entitlement to SSP, maternity rights, other parental rights, redundancy payments and protection against unfair dismissal.

Payments received by businesses under the scheme must be included as income in the business's calculation of its taxable profits for Income Tax and Corporation Tax purposes, in accordance with normal principles. Businesses can deduct employment costs as usual when calculating taxable profits for those same purposes.

CIPP comment

The CIPP welcomes the guidance in relation to the Coronavirus Job Retention Scheme, and thinks that the separation of the employee and employer guides will help both businesses and workers to understand how it will work.

Whilst the information provided will serve to answer many of the questions posed by our members, there are still many other points that require clarification, and the CIPP will endeavour to publish any further updates as soon as we are aware of them.

Back to ***Contents***

HMRC publishes guidance on which expenses are taxable for employees working from home due to COVID-19

28 March 2020

HMRC has published guidance that discusses which equipment, services or supplies are taxable if employees are working from home due to the outbreak of coronavirus.

Employers can be affected by this if any of their employees are working from home due to COVID-19, either because:

- The employer's workplace is closed
- The employee(s) is following advice to self-isolate

Employees who have been reclassified as furloughed workers will not be affected and will be eligible for the Coronavirus Job Retention Scheme.

Reference is made to the following equipment, services and supplies within the guidance:

- Mobile phones and SIM cards provided by the employer with no restriction on private use, and limited to one per employee, are non-taxable
- If an employee already pays for broadband, then no additional expenses can be claimed but where this is required to work from home and was not already available, the employer can reimburse the employee for the broadband fee, and this would be non-taxable. The broadband is provided for business purposes in this instance, so any private use should be limited
- Laptops, tablets, computers, and office supplies that are used primarily for business purposes and not significant private use are non-taxable
- If an employer reimburse expenses for office equipment that an employee has purchased, this is taxable and should be reported on employer PAYE Settlement Agreements
- For any additional expenses, such as electricity, heating or broadband, a payment or reimbursement to employees up to £4 a week (increasing to £6 per week from 6 April 2020) can be made and is non-taxable. If the claim is above that amount, the employee will need to check with the employer that they will still make the payments and keep any relevant receipts
- A salary advance or a loan to help employees in times of hardship counts as an employment-related loan. Loans provided below the value of £10,000 in a tax year are non-taxable
- For employees who need to self-isolate, but cannot do so in their own home, employers can reimburse hotel expenses and subsistence costs, but these are taxable
- For employees utilising their own vehicle for business, employers can pay approved mileage allowance payments of 45p per mile up to 10,000 miles, free of tax and National Insurance (NI) contributions. It is 25p per mile beyond the 10,000-mile point. If employers do not pay mileage allowance, employees can claim tax relief through their Personal Tax Account

The information provided states that for items which are taxable, exemptions for work related benefits must show that there is no significant private use. HMRC accepts that where:

- Employer policies about private use clearly state to employees and set out the circumstances in which private use may be made – this can include making the conditions clear in employment contracts or requesting that employees sign a statement acknowledging company policy on what is allowed

- Where an employer decides not to recover the costs of private use it can be a commercial decision, rather than a reward to employees

Significant private use is not based on the time spent on different uses, but on the employee's duties and the requirement for them to have the equipment or services provided so they can do their job.

There is no need to keep detailed records of every instance of private use to prove a claim for exemption.

Any taxable expenses or benefits relating to coronavirus can be reported on employer PAYE Settlement Agreements, so that they can settle tax and NI contributions on expenses or benefits, even though the responsibility would usually be on the employee, or both employer and employee. This is only applicable to coronavirus related items, and the example provided states that a new desk can go onto the PAYE Settlement Agreement, but a new sofa can't. For employers payrolling benefits in kind, they can continue to report expenses and benefits via payroll and may also continue to report expenses and benefits through P11D returns.

There is no requirement to report non-taxable expenses or benefits to HMRC.

Back to ***Contents***

BEIS relax rules to respond to COIVD-19 impact on taking annual leave

30 March 2020

Regulations that lift the restriction of carrying forward most of an employee's statutory annual leave entitlement to the following leave year have been laid and are effective from 26 March 2020.

In the Press Release published by the Department of Business, Energy and Industrial Strategy The Working Time (Coronavirus) (Amendment) Regulations 2020 amends the Working Time Regulations 1998 to create a further exemption relating specifically in response to COVID-19.

The amendment will result in an employee who has been prevented, by reason of coronavirus, from taking some, or all, of the holiday to which they are entitled then they will be granted a right to carry the four weeks, provided for under Regulation 13, into the next two leave years.

This will not apply to the 1.6 weeks under Regulation 13A leave, but this can already be carried forward one year by agreement between workers and employers.

The aim of this is to lift pressure on the employers of key workers across a range of sectors.

Business Secretary Alok Sharma said:

"Whether it is in our hospitals, or our supermarkets, people are working around the clock to help our country deal with the coronavirus pandemic.

Today's changes will mean these valued employees do not lose out on the annual leave they are entitled to as a result of their efforts, and employers are not penalised."

Environment Secretary George Eustice said:

"*From our fields to our supermarkets, we are hugely grateful to the many people working "around the clock to keep the nation fed.*

At this crucial time, relaxing laws on statutory leave will help ensure key workers can continue the important work to keep supplies flowing, but without losing the crucial time off they are entitled to.

We welcome the measures the food industry is already taking to keep shelves stocked and supply chains resilient and will continue to support them with their response to coronavirus."

Back to ***Contents***

EU Settlement Scheme – COVID-19 update

31 March 2020

The Home Office has confirmed that, whilst EU Settlement Scheme Applications will continue to be processed, the likelihood is that they will take longer than usual, due to the outbreak of COVID-19.

More than three million people have been granted status through the settlement scheme, but some of the support services that deal with this, and the associated application routes have been temporarily amended, or suspended.

The Settlement Resource Centre (SRC) will no longer be receiving telephone calls but will continue to respond to any questions submitted via email and will make call backs where required. If possible, emails from support organisations will be prioritised.

ID document scanner locations are currently suspended following recent Public Health England advice in order to protect staff.

No documents will be accepted by post at present, but any that are sent in will be returned as soon as possible. As the postal route for submitting identity evidence has been suspended, applications should be made online using the "EU exit ID Document check app".

Some of the services offered by 57 grant funded voluntary and community sector organisations have been suspended but they wish to provide support in line with social distancing guidance. This could be by providing assistance either over the telephone or online. For further details, check with the relevant individual organisation.

The Home Office has reiterated that the deadline of 30 June 2021 for applications to the EU Settlement Scheme is still 15 months away, and that there is still plenty of support available online for anyone wishing to apply.

EU citizens within the UK can apply online through Assisted Digital, which offers help over the phone, should they lack the confidence to apply using the normal route.

Materials are available in 26 languages at the translated communications materials section of the Gov.UK website.

Back to ***Contents***

Temporary changes to right to work checks during coronavirus outbreak

31 March 2020

The Home Secretary has confirmed that, to allow employers to carry out right to work checks more easily, the process will be amended during the coronavirus outbreak.

The changes announced on 30 March are immediately effective and mean that the Home Office will not require employers to see original documents, but that they can accept scanned documents, or photos of documents sent via email or mobile app as proof of an individual's right to work. Checks may also be carried out over video calls. The guidance suggests that employers take the following steps:

- Request that the worker submits a signed copy or a photo of the original documents via email or using a mobile app
- Arranges a video call with the worker, requesting that they hold up the original documents to the camera so that they can be checked against the digital copy of the documents
- Record the date that the check was made and mark as "adjusted check undertaken on [insert date] due to COVID-19"
- For individuals who hold a current Biometric Residence Permit/ Card or status under the EU Settlement Scheme, the online right to work checking service can be used while the video call is being carried out, but the applicant must confirm that they are happy for the employer to view their details

There is still a legal obligation on employers to carry out these checks, and it is an offence to knowingly employ anybody who does not have legal immigration status in the UK. The documents that can be accepted are listed in the right to work checks: an employer's guide. The fines for hiring an illegal worker can be up to £20,000 per person.

In line with standard process, for any prospective employee who cannot provide any of the accepted documents, employers should utilise the Employer Checking Service. If the individual has a right to work, a 'Positive Verification Notice' will be sent, which gives the employer a statutory excuse for six months from the date on that notice.

When the temporary changes end, employers will be required to carry out retrospective full checks on existing employees who commenced employment during the pandemic. This check must be performed within eight weeks of the COVID-19 measures ending, and this, along with the initial adjusted check should be kept on record. If the employee does not have permission to be in the UK and this is discovered at the point of the retrospective check, the employer must end their employment.

Back to ***Contents***

FAQs: The Coronavirus Job Retention Scheme

1 April 2020

The CIPP has answered a list of the most commonly asked questions relating to the government's Coronavirus Job Retention Scheme, and you can access the information here.

Many more questions will undoubtedly arise as a result of the new measures, and the CIPP would like to reassure members that we are constantly reaching out to various bodies in order to obtain the answers to the elements of the scheme that are perplexing payroll professionals up and down the country.

The Coronavirus Job Retention Scheme FAQs.

> ***CIPP comment***
>
> *If you have any additional questions not covered within this document, please send them across to the Policy team at policy@cipp.org.uk and we will endeavour to provide you with an official response once we have one.*

Back to ***Contents***

Returning NHS workers targeted by tax avoidance promoters (Spotlight 54)

1 April 2020

Individuals who are returning to the National Health Service (NHS) to help to respond to the outbreak of COVID-19 have been targeted by immoral promoters of tax avoidance schemes. HMRC is advising affected individuals to be wary of signing up to these schemes.

The schemes on offer all have common features, but they may be described in different ways. One consistent element will be that the scheme attempts to disguise the true level of earnings, which should be subject to Income Tax and National Insurance (NI) contributions.

The scheme will usually use an umbrella company, and the wages offered will consist of two separate payments:

- A first payment declared as earnings which is processed through the umbrella company payroll, ordinarily in line with National Living Wage (NLW) / National Minimum Wage (NMW) levels. This could also be a flat rate payment, for example, £100 a week
- A second payment, which the umbrella company states is not taxable. This could be described as a loan, annuity, shares, a capital advance involving mutual, joint or co-ownership, or a payment derived from a revolving line of credit facility, or some other non-taxable form

Some of the companies may provide ambiguous explanations as to how the schemes work, so the advice is to be alert to any companies that claim to use personal allowances more effectively, resulting in take home figures of anything between 80% and 85% of gross pay.

The payslips provided by the umbrella company may also look incorrect and might detail the first payment only and / or inaccurate deductions from pay.

When individuals are asked to sign documents other than their contract of employment, they should consider this very carefully, and should question any requests to sign separate agreements to receive loans, advances, shares, annuities or anything else not relevant to their work. This could result in tax avoidance, and individuals could owe tax and interest, as well as having to pay the relevant fees to the umbrella company.

If individuals believe that they are being offered this type of scheme, they should:

- Calculate the amount of tax they would ordinarily have to pay on their income, utilising HMRC's online tax calculator, to determine what their net take home pay should be after tax and NI deductions
- Request a breakdown of the deductions being made from the person offering the scheme, and check the amounts being charged, what the fees relate to and whether tax and NI deductions have been made
- Compare the two sets of figures to check whether the scheme on offer is legitimate and compliant

HMRC regularly publishes warnings relating to similar schemes, and previous Spotlights provide further details. Edition 53 gives further detail on how these schemes claim to work, and edition 45 outlines what to look out for in umbrella companies offering schemes that are tax avoidance. There is also further guidance on tax avoidance schemes aimed at contractors and agency workers.

HMRC are urging any individuals who are already using a scheme of this nature, to leave as early as possible and to settle their tax affairs. They should also contact HMRC immediately.

Back to ***Contents***

Pensions

Automatic Enrolment

TPR Quarterly Bulletin

18 February 2019

The Compliance and enforcement Quarterly bulletin spanning the period October – December 2018 has been published by the Pensions Regulator.

Following on from the news this week that 10 million people are now newly saving or saving more into a workplace pensions, the bulletin serves to remind us of the range of powers that the TPR have and the actions they will take to protect savers.

Director of Automatic Enrolment Darren Ryder said:

"More than 1.4 million employers have done the right thing for their staff and we're delighted so many now have the opportunity to save for later in life. But we are not complacent and will continue to ensure employers and their advisers meet their responsibilities.

"We will not tolerate behaviour by employers or their advisers that sees pension savers short changed by not being put into a scheme."

Executive Director of Frontline Regulation Nicola Parish added:

"This report highlights the many wide ranging powers and ways of working that we are using to protect savers – from helping trustees deal more robustly with employers, to taking swift court action when we suspect members' savings are at imminent risk. Our clearer, quicker and tougher approach is having a real impact."

The TPR Blog also published this week, reminds us that whilst we have come a long way in making workplace pensions and automatic enrolment 'business as usual', there is much more yet to be done

Back to ***Contents***

Accounts manager ordered to pay £5,000 for workplace pension lies

11 February 2019

An accounts manager who tried to hide the fact that restaurants had not given their staff workplace pensions has been ordered to pay £5,000.

Bradford-based Mansoor Nasir submitted false declarations of workplace pension compliance to The Pensions Regulator (TPR) to claim that nine restaurants were giving their employees the correct benefits.

When TPR investigated it found that Nasir had failed to automatically enrol 103 staff into workplace pensions at the restaurants for which he was the payroll adviser in Birmingham, Manchester, Yorkshire and the North East. He tried to cover this up using false declarations between September 2014 and May 2017.

Nasir pleaded guilty to nine charges of knowingly or recklessly providing TPR with information which was false or misleading, contrary to section 80 of the Pensions Act 2004, when he appeared at Brighton Magistrates' Court on 9 January.
Sentencing Nasir at the same court on 6 February, District Judge Teresa Szagun told the qualified accountant that his actions had been *"deliberate"*.

Knowingly or recklessly providing false information to TPR is an offence under section 80 of the Pensions Act 2004. It carries a maximum sentence in a magistrates' court of an unlimited fine.

Judge Szagun ordered Nasir, who is based at Beaumont Management Services in Duncombe Road, Bradford, to pay a £3,320 fine, £1,560 costs and a £120 victim surcharge.

Darren Ryder, TPR's Director of Automatic Enrolment, said:

"Nasir claimed he didn't know what he needed to do to put the staff into their workplace pensions but instead of asking us for help he put his head in the sand.

There is guidance on our website and we also have people on hand to offer employers and advisers help on how to comply with their automatic enrolment duties.

Nasir's lies to us have now left him with an entirely avoidable bill and a criminal record."

Back to ***Contents***

11% of employers do not inform employees of pension contribution increases

28 March 2019

A CIPP poll has revealed that although employers use a number of different methods to communicate phased increases to automatic enrolment pension contributions, 11% of respondents do not communicate the changes at all.

We provided a number of options to our poll question, *"How do you inform your employees of phased increases to automatic enrolment pension contributions?"* Of the 327 responses we received, the majority (46%) send a personal letter to their employees to inform them of the increases. 12% use a company newsletter and an equal number (7%) use either their company intranet or payslip to convey the increase in pension contributions. The remaining 17% use a stock letter, staff meeting or reward event to inform their employees.

Are the 11% of employers who do not communicate changes at all, causing themselves more work in the long run? Those employees who notice a reduction in take home pay are surely going to go straight to the person who administers their pay to ask why this is and more likely than not, opt out of staying in their workplace pension.

It is not too late to write to staff to let them know about the increase in contributions - letter templates are available on TPR's website, including in other languages for staff who may not speak English.

10 million people are now newly saving or saving more, thanks to the roll out of automatic enrolment. In addition, by successfully meeting their duties, more than 1.4 million employers, with the support of the pensions industry and advisers, have helped to change the savings landscape.

As the latest Compliance and Enforcement bulletin (October to December 2018) from The Pensions Regulator shows, there is still some work to do to ensure that members' pensions savings stay safe:

Darren Ryder, TPR's Director of Automatic Enrolment said in a recent blog:

"…Over the past seven years since automatic enrolment began, we've heard in our conversations with employees that they're pleased they have been put into a pension. We've also heard over and over again that they probably wouldn't have joined a pension themselves. They are glad it was done for them. Now, people are continuing to save and to save more. Inertia has been a powerful factor and in no small part explains the success of automatic enrolment.

But we can't always rely on inertia. We want people to actively appreciate the benefits and necessity of saving. We want savers to get to know their pension and decide what they'll need to save to be able to look forward to their retirement.

Increasing engagement and knowledge means giving people easy access to information they need…"

Are you prepared for 6 April?

By law, the total minimum contributions your organisation must pay into its staff workplace pension schemes increase on 6 April 2019. You need to be ready for this increase, and make sure you're set up to pay the correct amounts into staff pension schemes - so you comply with the law, and your staff receive the pension payments they're entitled to.

From 6 April, the total minimum contribution including employer and employee payments must be no less than 8% of qualifying earnings. Your organisation must pay a minimum of 3%, with staff making up the rest of the 8%.

Your organisation can choose to pay more than its 3% minimum contribution if it wishes. If so, staff won't need to pay in as much to meet the total minimum contribution of 8% of qualifying earnings.

Date effective	Total minimum contribution	Employer minimum contribution	Staff contribute the remainder
Current rates	5%	2%	Up to 3%
6 April 2019	8%	3%	Up to 5%

You should be ready to calculate contributions using the new rates the first time you run payroll from 6 April.

Your organisation may have agreed with its scheme provider to calculate minimum contributions in a different way. This is called certification, and details of what they need to do can be found on TPR's website.

It should be simple for the new rates to be applied, but you should prepare now by speaking with your payroll team and software service providers, to make sure your systems are ready.

If your organisation already contributes more than the total minimum of 8% into staff workplace pension schemes, or it uses a defined benefit (DB) scheme for automatic enrolment, it doesn't need to take any action. And if any staff asked to be put into a scheme that your organisation doesn't pay into, the increases don't apply to them.

Recorder webinar
TPR ran a webinar on 18 March, where its expert panel talked about the upcoming contributions increases. A recording of the event is available – you just need to register here.

Visit TPR's website for any further information you may require.

Back to ***Contents***

Automatic enrolment pension contribution increases

5 April 2019

By law, the total minimum contributions your organisation must pay into its staff workplace pension schemes increases tomorrow, on 6 April 2019. This doesn't necessarily mean an increase in employee contributions as some employers pay in more than the minimum requirement.

From 6 April, the total minimum contribution including employer and employee payments must be no less than 8% of qualifying earnings.

Your organisation must pay a minimum of 3%, however it can choose to pay more than the minimum contribution if it wishes. There are employers out there who cover the whole 8% so there are some employees in a fortunate position, who don't have to contribute to their workplace pension at all.

Date effective	Total minimum contribution	Employer minimum contribution	Staff contribute the remainder
Current rates	5%	2%	Up to 3%
6 April 2019	8%	3%	Up to 5%

Businesses need to be ready to calculate contributions using the new rates the first time the payroll is run from 6 April.

Your organisation may have agreed with its scheme provider to calculate minimum contributions in a different way. This is called certification, and details of what they need to do can be found on TPR's website.

If your organisation already contributes more than the total minimum of 8% into staff workplace pension schemes, or it uses a defined benefit (DB) scheme for automatic enrolment, it doesn't need to take any action. And if any staff asked to be put into a scheme that your organisation doesn't pay into, the increases don't apply to them.

11% of employers do not inform employees of pension contribution increases
On a final point, organisations should communicate with their workforce about any changes that are happening from 6 April 2019, especially if employee contributions are going to increase. Those employees who notice a reduction in take home pay are surely going to go straight to the person who administers their pay to ask why this is. Lack of communication can also increase the likelihood of workers opting out of their workplace pension.

A CIPP poll revealed that although employers use a number of different methods to communicate phased increases to automatic enrolment pension contributions, 11% of respondents do not communicate the changes at all.

It's not too late to write to staff to let them know about the increase in contributions - letter templates are available on The Pension Regulator's (TPR) website.

Back to ***Contents***

Government urged to force matching of voluntary pension contributions

3 May 2019

Pensions Expert has reported that according to investment platform Hargreaves Lansdown, the government should force employers to match voluntary pension contributions made above auto-enrolment minimums.

"The reality is that contributions of 8 per cent of earnings will not deliver an adequate income for a median earner", said Hargreaves Lansdown – and opposing increasing the 8 per cent minimum rate, also said that the proposal would incentivise *"further saving"* for individuals that want it.

From 6 April 2019, the total minimum contribution including employer and employee payments must be no less than 8% of qualifying earnings.

Organisations must pay a minimum of 3%, however it can choose to pay more than the minimum contribution if it wishes. There are employers out there who cover the whole 8% so there are some employees, who don't have to contribute to their workplace pension at all. However what Hargreaves Lansdown are advocating is that if an employee contributes more than the minimum 5%, then the employer should be forced to at least match it.

"Our position is that the bedrock that you get from auto-enrolment should see most people in a pretty decent place when they come to retirement," said senior analyst at Hargreaves, Nathan Long. *"If there is still need to provide any further incentive then it should be to offer matching on top."*

Back to ***Contents***

Law breaking employers targeted in new round of pension compliance checks

16 May 2019

In the coming weeks, The Pensions Regulator (TPR) will be targeting its new wave of compliance checks at employers across the UK who are suspected to be non-compliant with their automatic enrolment duties.

Employers are being warned that if they are breaking the law, they may be inspected which could lead to financial penalty or court action. TPR's Director of Automatic Enrolment, Darren Ryder, said:

"We know that most employers are doing the right thing for their staff, however, there are a small minority who persistently ignore their responsibilities. They can expect a knock at the door from us and enforcement action."

The short-notice inspections started this week in Edinburgh and will continue over the summer across the UK, as part of an ongoing nationwide enforcement campaign to ensure that employers are meeting their workplace pension responsibilities correctly.

TPR is using data to pinpoint specific employers up and down the country who are suspected of breaking the law, including those who fail to put staff into a pension scheme or who make no, or incorrect, pension contributions.

It is mandatory for employers to take part in the inspections – obstruction of an inspector and failing to provide information when required to do so are criminal offences. Non-compliance could also result in fines or court action

If you have clients, it is important that you know exactly what they need to do to meet their ongoing duties, and that their records are kept up to date.

TPR has information and guidance on your ongoing duties to help you.

Back to ***Contents***

Missing XPO workers' pension contributions

24 May 2019

The pension contributions of some XPO Logistics UK employees are not being credited to their pension 'pots', a problem that has arisen since the company moved to a new payroll provider.

The possibility of strike action into why the pension contributions of some XPO Logistics UK employees are not being credited to their pension 'pots' has been threatened by Unite the Union.

Unite national officer Matt Draper said:

"We know that three times in the last nine months some people have had their pension contributions deducted, but the monies have not been credited to their pension 'pots'…

We understand that these problems have arisen since the company moved to a new payroll provider - we are calling for top executives to instigate a vigorous investigation into this imbroglio.

We don't know how many of our nearly 3,000 members in UK have been affected – but one is too many."

Apparently, members' discontent is rising and there have been calls for industrial action ballots across XPO's sites if the company can't resolve this issue quickly.

At the annual meeting in New York, XPO executives said they are working with anyone affected and aiming to stop this reoccurring.

Matt Draper also pointed out that this is becoming a matter of trust and could lead to reputational damage for this global logistical giant which operates in 32 countries with 100,000 employees.

Back to ***Contents***

Advisers, do you have multiple client declarations you need to submit for auto enrolment?

28 May 2019

The Pensions Regulator (TPR) has an online bulk declaration feature that may be able to help to save you time. Instead of submitting your client declarations/re-declarations file-by-file, this online feature allows you to submit multiple declarations within one single file upload only.

For full details on how to use the bulk declaration feature, visit TPR's submit bulk declarations webpage, which includes a user guide.

Back to ***Contents***

Workplace pension re-enrolment made simpler with new online tool

19 July 2019

You will be able to re-enrol your staff into a workplace pension more simply following the launch of a new online resource by The Pensions Regulator (TPR).

The launch of the new re-enrolment tool comes at the same time as new TPR research shows business advisers continue to play a vital role in helping employers meet their automatic enrolment duties. The Adviser Engagement with Automatic Enrolment Survey 2019 results shows that:

- more than 92% of payroll administrators, book keepers and accountants; and
- 62% of IFAs advisers

assist their small business clients with automatic enrolment.

Re-enrolment must be carried out every three years and it is a two-stage process. Firstly, employers must check whether they have any staff to re-enrol and ensure those who are eligible are put back into a pension scheme. They must then complete and submit their re-declaration of compliance.

So far, more than 176,000 employers have completed their re-declaration of compliance showing TPR how they have met their re-enrolment duties.

The majority of employers will not have staff to re-enrol, however they must still complete their re-declaration of compliance to confirm they have checked whether they need to re-enrol any of their staff, even if none were re-enrolled.

This is a legal requirement and failure to both assess and re-enrol eligible staff and make a declaration could result in a fine.

Back to ***Contents***

Some employers changing ID to avoid workplace pension duties

22 July 2019

Employers across the UK that try to dodge their workplace pension duties by changing their identity are being hunted by The Pensions Regulator (TPR).

TPR has become aware of a number of employers that appear to have tried to conceal their failure to comply with the law by hiding behind a new name.

TPR investigators are now working with their counterparts at the Insolvency Service and other agencies to take action against offenders that try to use this ploy. Among the offences that may have been committed are fraud, theft and wilfully failing to comply with the automatic enrolment laws.

A number of investigations are now ongoing in cases involving scores of employees who have been denied the pensions they are entitled to.

The vast majority of employers comply with their workplace pension duties, automatically enrolling eligible employees into a scheme and paying the correct level of pension contributions on their behalf.

However, TPR believes those running a small minority of employers could be trying to hide their non-compliance with the law by opening new businesses, transferring their workforce across and then dissolving the original businesses.

The suspicion is that by changing name, those involved hope to avoid having to pay the pension contributions due.

Investigators are also looking into whether rogue advisers could be suggesting to employers that they use the tactic to avoid their duties.

TPR is currently carrying out short-notice inspections on employers across the UK that are suspected of breaching their automatic enrolment duties.

Anyone who suspects an employer is denying its workers the pensions they are entitled to should email wb@tpr.gov.uk so it can be investigated.

Back to ***Contents***

Recruitment agency to be prosecuted for trying to avoid giving its staff workplace pensions

12 August 2019

A recruitment agency and its managing director are to be prosecuted by The Pensions Regulator (TPR) on suspicion of trying to avoid providing their staff with a workplace pension.

Hertfordshire-based SKL Professional Recruitment Agency Ltd and managing director Linus (Lee) Kadzere are accused of wilfully failing to comply with their automatic enrolment duties under section 45 and 46 of the Pensions Act 2008.

Both defendants are also accused of falsely claiming they had enrolled 22 staff into a workplace pension scheme. Knowingly providing false information to TPR is an offence under section 80 of the Pensions Act 2004.

SKL, which is a specialist agency providing workers in the care sector and is based in Edinburgh Mews, Bushey, Hertfordshire, and Mr Kadzere, 54, have been summonsed to appear at Brighton Magistrates' Court on 4 September 2019.

They will each face three charges of wilfully failing to comply with their automatic enrolment duties and one charge of knowingly or recklessly providing false and misleading information to TPR.

Both charges can be tried in a Crown Court or in a magistrates' court. In a Crown Court the maximum sentence for each is two years' imprisonment. In a magistrates' court, the maximum sentence for each is an unlimited fine.

Back to ***Contents***

Employer fined £350,000 for workplace pension failures

23 August 2019

Employers are being warned not to put their head in the sand after one business ended up with a £350,000 fine for failing to fully comply with its pension duties.

The anonymous case study is included in the most recent quarterly compliance and enforcement bulletin from The Pension Regulator (TPR).

Despite warnings from TPR, the employer, which has 5,000 staff, allowed an Escalating Penalty Notice to grow before correctly re-enrolling staff into the company pension scheme and paying the right contributions.

TPR Director of Automatic Enrolment Darren Ryder said:

"This size of fine is rare as the vast majority of employers now consider automatic enrolment to be an everyday part of running their business and helping workers to save. However, this case is a stark warning that failing to address problems early can lead to hefty fines which could be avoided…"

Following TPR's intervention, the London-based company has now re-enrolled more than 40 staff and paid more than £100,000 of backdated pension contributions, as well as ensuring ongoing contributions are correctly calculated and paid. The backdated payments, which are in addition to the fine, cover both the re-enrolment failure and incorrect contributions affecting more than 2,000 staff.

Darren Ryder also highlighted how vital it is to carry out both ongoing duties and re-enrolment correctly. TPR will take action to ensure that not only are staff put into a pension, but they continue to receive the correct contributions on an ongoing basis, and that those who opt out are re-enrolled correctly and given their right to start saving.

The quarterly compliance and enforcement bulletin, which reports on TPR's use of powers between April and June 2019, also highlights how:

- As part of TPR's new supervision approach, its relationship supervision teams are finding high standards and well-run schemes.
- TPR authorised seven master trust schemes in the period under section 13 of the Pensions Act 2017.
- TPR published a Determinations Notice detailing the first time it used its power to appoint a trustee primarily because of a lack of competence of the existing trustee board.
- More than 200,000 employers have met their re-enrolment responsibilities and tens of thousands of small employers (those with fewer than 50 staff) are approaching the third anniversary of their staging date.

Back to ***Contents***

Businessman to be prosecuted for failing to reveal company details

5 September 2019

The Pensions Regulator (TPR) is prosecuting a businessman for not complying with two notices issued under section 72 of the Pensions Act 2004, which required information to be provided about his companies.

Allegations have been made by staff working for Vincent Bootes, that they have not had their workplace pension contributions paid by his companies.

TPR is investigating these allegations and is prosecuting Mr Bootes for failing to comply with two notices which were issued to him on 1 June 2018 and 12 September 2018.

Mr Bootes has been summonsed to appear at Brighton Magistrates' Court on 13 November 2019 to face two charges of neglecting or refusing to provide information and documents, without a reasonable excuse, when required to do so under section 72 of the Pensions Act 2004, contrary to section 77(1) of that Act.

Failure to provide such information without a reasonable excuse is a criminal offence which can result in an unlimited fine. Additionally, those involved can suffer serious reputational damage from being convicted of non-compliance with the law. Businesses could also face further action from their professional body.

Back to ***Contents***

Experts warn that government must amend current auto-enrolment criteria to 'plug savings gap'

10 October 2019

Auto-enrolment has generally been regarded in a positive light since its introduction in 2012, as it has prompted a whole new wave of individuals to save money and plan for their futures. Figures indicate that the engagement rates are in surplus of ten million people and the fact that auto-enrolment also requires employers to make contributions to employee pension pots means that employees are receiving a benefit under the act.

Pensions Expert have published a report examining the outlook for pensions for the future with data compiled by Interactive Investor, who surveyed 10,000 members currently in, or nearing retirement. The findings do not reflect as positively as initially thought, with many respondents not looking upon retirement favourably with the consensus being that the majority intended to work beyond retirement age. It seemed that men were more likely to stay in employment for recreational reasons whilst for women, it would be because of financial motivations.

Experts have stated that the qualifying age should be reduced from the currently set figure of 22 to workers of the age of 18 and above and that the £10,000 earnings criteria should be widened so that it accommodates and considers those with multiple jobs. This is due to the response of the survey which identified a trend with savers disappointed that they didn't start investing earlier in life and also just that they hadn't saved enough in general.

Back to ***Contents***

The Pensions Regulator confirms prosecution of children's nursery in crackdown on non-compliance

25 October 2019

The Tiny Hearts Day Nursery, and its director, Christine Moore are facing prosecution for non-compliance with automatic-enrolment legislation in a crackdown to punish any businesses knowingly shirking their responsibilities in this area.

The Pensions Regulator (TPR) published a press release on the subject, which serves as a stark warning to companies who do not proceed in line with measures set out in the Pensions Act 2008. The accused have been

summoned to Brighton Magistrates Court on 13 November for the false declaration that they had enrolled 13 staff into a pension scheme. This is deemed as knowingly providing false information to TPR which is classified as an offence.

TPR has recently confirmed that it will be focusing more on poor record-keeping and on non-compliance from businesses in relation to pension schemes. The prosecution of the nursery and its director reiterate the sentiment that there will be harsher punishments for employers who 'do not take their pension responsibilities seriously', as stated in the introduction of the Pensions Bill that was presented in the Queen's Speech.

The maximum sentence attached to the charge is two years' imprisonment and a potential unlimited fine.

CIPP Training Courses

The CIPP offers a one-day training course, Automatic-enrolment and pensions for payroll, that informs attendees of the employer duties surrounding automatic-enrolment to avoid scenarios that arise from non-compliance. The next course is to be held on 6 November 2019 and will be located in Glasgow.

Back to ***Contents***

The Pension Regulator's latest figures show an increase in the number of auto-enrolled workers in November

18 December 2019

In its most recent *Automatic enrolment declaration of compliance report,* The Pension Regulator (TPR) showed how the number of workers being auto-enrolled into workplace pension schemes had climbed steadily. 17,000 more workers were auto-enrolled in the month of November, bringing the tally to 10.203 million enrolled workers.

This follows several increases observed in recent months, with 16,000 newly enrolled workers reported in September and a further 21,000 added in October.

Despite this positive news, there are still actually more individuals not being enrolled into pension schemes than those who are being enrolled. November saw an extra 30,000 non-enrolled workers against the 17,000 who were enrolled, and this was a further increase on the 28,000 not enrolled in the preceding month of October. If the trend continues, the number of non-enrolled workers will be close to the ten million mark at the end of 2020 as 9.58 million staff members are not currently registered as being in a workplace pension scheme.

The TPR states:
"While the information is the actual data received by us, there will be employers that have reached their staging date, who have automatically enrolled their eligible jobholders and who have not yet completed their declaration.

The figure for eligible jobholders that have been automatically enrolled is therefore likely to be higher than that shown in this report."

The Pensions Bill as proposed by the Conservatives was recently shelved due to the call for a general election but will be revisited now that the party has been re-elected. The Bill, first mentioned in the original Queen's speech and referred to in the Conservative manifesto, proposes that TPR will have greater powers to tackle irresponsible employers and to protect savers. This will ensure greater compliance across the board with auto-enrolment legislation and may prompt a surge in the number of employees who are reported as being auto-enrolled.

Back to ***Contents***

The Pensions Regulator invites advisers to design their own auto enrolment webinar

7 February 2020

The Pensions Regulator (TPR) has circulated correspondence requesting feedback surrounding which aspects of autoenrolment advisers would find useful for them to cover in a free webinar they are holding.

The webinar will be held on Monday 30 March at 2:30 pm and ahead of this, they are requesting that attendees complete a survey advising which topics they should cover to make the webinar as beneficial as possible to those intending to join. The link to register for the webinar will be available at the end of the survey.

TPR also state that 30%-40% of employers rely on an adviser to perform their auto enrolment duties so the message is to make sure you are prepared.

Back to ***Contents***

The Pensions Regulator is performing auto-enrolment checks on large businesses

12 February 2020

Some of the UK's largest businesses, who were required to adhere to auto-enrolment legislation back in 2012 will have spot checks carried out on them by The Pensions Regulator (TPR) to ensure that they are still acting in accordance with the rules.

A number of larger businesses, including banks, local authorities, supermarkets and national charities have been subject to these auto-enrolment compliance spot checks and have already received visits from TPR since the inspections began in January 2020. The businesses approached employ approximately 500,000 people between them, and so it is imperative that they are doing the right thing in terms of autoenrolment for their employees. TPR has confirmed that the inspections will continue over the coming months, and will be conducted at short notice.

The inspections follow on from a series of visits in 2019 to large businesses to check they were complying with their duties, and the regulator will collate information collected from all inspections to determine if there are any emerging common themes and to establish if there are any lessons that can be learned.

The director of automatic enrolment at TPR, Darren Ryder, said:

"Large employers led the way at the start of auto-enrolment by successfully meeting their new duties – and compliance soon became the norm for all employers.

Compliance with the law remains high, and these inspections help ensure that these employers are continuing to meet their ongoing duties, including re-enrolment.

Millions of staff depend on large employers to do the right thing so that they do not miss out on the pensions they are entitled to."

Back to ***Contents***

Guy Opperman confirms Automatic Enrolment earnings trigger will remain unchanged at £10,000

20 February 2020

In a written statement, Pensions Minister, Guy Opperman, confirmed that, for tax year 2020-2021, the Automatic Enrolment earnings trigger will remain at £10,000, for the seventh year running.

Mr. Opperman also confirmed that there will be no changes to the lower and upper limit of the qualifying earnings band. He said:

"The main focus of this year's annual review of the AE earnings trigger and qualifying earnings band (the AE thresholds) is to ensure the continued stability of the policy whilst learning from the April 2019 AE contribution rate increase. We also want to ensure that our approach continues to enable individuals, for whom it makes economic sense, to save towards their pensions whilst also ensuring affordability for employers and government. The review has concluded that the earnings trigger will remain at £10,000 and both the lower and upper earnings limits will continue to be aligned to the National Insurance Contribution threshold."

There have been numerous calls throughout the pensions industry for the auto-enrolment earnings trigger to be lowered to include those that are on a lower salary and people who work less hours, which appears to be predominantly women and those from ethnic minorities, according to the director of policy at The People's Pension, Greg McClymont. He said that previous government analysis has shown that lowering the auto-enrolment earnings trigger to the national insurance threshold of just over £6,000 would help an additional 1.2 million people. He commented:

"A big majority of these people would be women, and a significant percentage from ethnic minorities, helping address stark gender and ethnicity pension gaps."

Back to ***Contents***

The Pension Regulator's Automatic Enrolment webinar for business advisers

6 March 2020

As previously advised in the CIPP's News Online, The Pensions Regulator (TPR) is running an Automatic Enrolment webinar on Monday 30 March at 2:30 pm.

Those interested in attending were asked to complete a survey to confirm which topics they would like to hear about on the webinar, to make it as beneficial for them as possible.

Following on from this, TPR advised that it has received an overwhelming response to the survey and now has a comprehensive picture of what advisers would like to hear about. The agenda has been assembled based on those results and is as follows:

- Re-enrolment & re-declaration
- Employer ongoing duties
- Initial duties of new employers – from setting up a scheme, to factors in choosing the right scheme. Scheme rules and contribution rates
- Live Q&A

The webinar will consist of two sections – a 40 minute session to cover the areas laid out in the agenda and an additional 20 minute live Q&A session, in which attendees can ask any questions that they may have.
To enrol on the webinar, please follow this link.

Back to ***Contents***

General Pensions News

Collective Defined Contribution pension scheme approved by Government

19 March 2019

Plans for the first Collective Defined Contribution (CDC) pension scheme in the UK have been approved by the Work and Pensions Secretary.

In November 2018 the Government published a consultation which set out its proposals as to how a particular form of CDC scheme might work in the UK, and the legislative and regulatory regime that would be needed to support any such scheme.

CDC pension schemes allow contributions to be pooled and invested to give members a target benefit level.

Advantages of CDC schemes include that they:

- provide a savings and income in retirement option within one package that is potentially attractive to people who are uncomfortable making complex financial decisions at the point of retirement
- enable the sharing of longevity risk between members, therefore providing each individual member with an element of longevity protection without the cost of accessing the insurance market
- allow employers to offer their employees a pension scheme, which offers an income in retirement in the form of a pension from the scheme's own assets, but without the risks and balance sheet impact of sponsoring a defined benefit plan

The response to this consultation has now been published and the vast majority of respondents were supportive of the establishment of CDC pension schemes.

Work and Pensions Secretary Amber Rudd said:

"…These pioneering proposals should deliver improved investment returns for workers and savers while cutting costs and red tape for British job creators.

The new type of pension is currently used in Denmark and the Netherlands - 2 countries widely recognised as having among the best pension systems in the world…

…The benefits of CDCs are clear. Members get more certainty in their retirement, with regular pay-outs from their scheme. And unlike traditional final salary pension schemes, those pay-outs aren't affected if your employer goes under."

The new schemes are expected to appeal to companies who want to offer strong pensions provisions to employees without having to hang on to enormous pension liabilities.

The government has worked closely with Royal Mail and the Communication Workers Union (CWU) to develop the proposals to introduce CDC pension schemes.

The consultation response confirms that primary legislation will be brought forward to introduce CDCs as soon as parliamentary time allows.

Geographical extent – Legislation will apply to England, Wales and Scotland. It is envisaged that Northern Ireland will make corresponding legislation.

Back to ***Contents***

Pension schemes newsletter 108 – March 2019

1 April 2019

The latest pension schemes newsletter includes an important reminder to administrators that if you have not already enrolled for secure data exchange service (SDES), you should do so as soon as possible as certain returns will only be accepted through this service.

The newsletter is published by HMRC's Pension Schemes Services to update stakeholders on the latest news for pension schemes.

Pension schemes newsletter 108 includes articles on:

- Relief at source
- Guaranteed Minimum Pension (GMP)
- Master Trust update and an introduction to supervision
- Managing Pension Schemes service
- Reporting on Pension Schemes Online service
- Annual allowance calculator

Back to ***Contents***

Countdown bulletin 44 – updated

2 April 2019

This publication provides important guidance and updates to pension scheme administrators about the end of contracting-out and includes updates on Scheme Financial Reconciliation.

Countdown bulletin 44 was originally published at the beginning of March. It has been updated with information about the release dates of refund letters and cheques for schemes in surplus that have engaged with HMRC.

Although contracting-out came to an end in April 2016, schemes are still submitting termination and transfer notices with end dates on or after 6 April 2016.

The National Insurance Services to Pensions Industry (NISPI) countdown bulletins provide additional guidance for pension scheme administrators to enable them to make sure all individuals contracted out pension rights are secured correctly.

Previous editions of the Countdown Bulletin are also available on GOV.UK.

Back to ***Contents***

New priorities set by the FCA & TPR

26 April 2019

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) has set their priorities for the coming year for its joint action including reviewing whether pension schemes are providing sound information to consumers.

Within the FCA's business plan for 2019/2020, published on 17 April, it outlined a number of key pension priorities for the coming year and laid out the steps it is taking to ensure maximum effectiveness and minimised costs for organisations.

"Scams and poor pension transfer advice present challenges to consumers, regulators and the sector" said the FCA. So, it plans to set up a programme to understand and better identify the specific types of fraud and how they can be stopped, while continuing to raise awareness through its ScamSmart campaign. There will be more focus on effective data analysis to identify issues in the sector and to try to reduce pension scams and fraudulent activity.

As part of this joint venture they also plan to prioritise the supervision of defined benefit and DC transfer advice and maintain its current action on improving pension transfers, as well as working on the pension dashboard.

Back to ***Contents***

Pension schemes newsletter 109 – April 2019

2 May 2019

This newsletter is published by HMRC's Pension Schemes Services to update stakeholders on the latest news for pension schemes.

The newsletter reiterates information about relief at source for Scottish taxpayers:

For 2019 to 2020, if you're the administrator of a pension scheme using the relief at source mechanism, you'll continue to claim tax relief at the rate of 20% for members who are Scottish taxpayers.

For pension scheme members who are Scottish taxpayers liable to Income Tax at no more than the Scottish starter rate of 19%, or who pay no tax, you should continue to claim relief at 20% in respect of these individuals, and HMRC will not recover the difference between the Scottish starter and Scottish basic rate.

Pension scheme members who are Scottish taxpayers liable to Income Tax at the Scottish intermediate rate of 21% are entitled to claim the additional 1% relief due on some or all of their contributions above the 20% tax relief paid to their scheme administrators. HMRC will not be able to put this directly into your scheme on behalf of your members but will adjust their tax code so that they get this tax relief through their pay.

Pension scheme members liable to Income Tax at the Scottish intermediate rate can claim the additional relief for 2019 to 2020 through their Self Assessment return or, if they do not already complete Self Assessment returns, by contacting HMRC.

Pension schemes newsletter 109 also contains articles on:

- pension flexibility statistics
- registration statistics
- Managing Pension Schemes service
- pension scheme returns
- overseas transfer charge - regulations
- Master Trusts authorisation of existing schemes
- updates to the recognised overseas pension schemes notifications (ROPS) list

Back to ***Contents***

Pension schemes warned to comply with law on chair's statements

7 May 2019

The Pensions Regulator (TPR) has warned that trustees must produce a chair's statement which is compliant with the law, after fines against two schemes were upheld in court.

In two separate cases, trustees failed to include the required information in their annual statement and were issued fines by TPR. Trustees appealed the decisions to the First-Tier Tribunal.

The judges on both tribunal cases agreed that penalties for non-compliance were mandatory, the chair's statements were non-compliant with the law and TPR was right to issue the fines.

Nicola Parish, Executive Director for Frontline Regulation at TPR, said:

"Annual chair's statements are an essential way to show pension savers that their scheme is being properly governed and will deliver the retirement benefits they are promised. That's why it is the law for trustees to produce chair's statements and make sure they contain all of the necessary information…"

"As these cases clearly demonstrate, we are prepared to defend our penalties in court…"

In the case brought by EC2, trustee of Autoenrolment.co.uk, judge David Hunter QC ruled that the chair's statement for 2015/16 was "deficient in five respects". TPR fined the scheme trustee £2,000 for the breach, which was upheld. The judge said the requirements stated schemes should not simply prepare an annual governance statement, but *"prepare a statement containing a considerable amount of clearly specified and detailed information".*

Occupational schemes providing money purchase benefits, other than those arising from additional voluntary contributions (AVCs), are required by law to prepare an annual statement, signed by the chair of the trustees, within seven months of the end of each scheme year.

TPR provides detailed guidance about producing a chair's statement, including a quick guide to the chair's statement.

Back to ***Contents***

Recognised overseas pension schemes notification list

17 May 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list. 22 schemes have been added and 2 have been removed in this update.

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Latest Countdown Bulletin published

17 May 2019

The Countdown Bulletins provide important guidance and updates to pension scheme administrators about the end of contracting-out. This issue includes information about the extension of Phase 7 Automation and Scheme Financial Reconciliation (SFR), which has happened in response to concerns raised across the Pensions Industry.

Although contracting-out came to an end in April 2016, schemes are still submitting termination and transfer notices with end dates on or after 6 April 2016.

The National Insurance Services to Pensions Industry (NISPI) countdown bulletins provide additional guidance for pension scheme administrators to enable them to make sure all individuals contracted out pension rights are secured correctly.

Countdown Bulletin 45 includes information on:

- the extension to Phase 7 Automation - SFR
- what is happening in the extended period
- what this means for Pension Scheme Administrators (PSAs)
- what the extended Phase 7 dates that PSAs need to be aware of
- how this impacts the previous engagement in the SFR Process

Previous editions of the Countdown Bulletin are also available on GOV.UK.

Back to ***Contents***

TPR tightens its regulatory grip to deliver better outcomes for pension savers

21 May 2019

Improving the participation, accountability, protection and confidence in occupational pension schemes forms the heart of The Pension Regulator's (TPR) new corporate plan for 2019-2022.

The plan for 2019 – 2022 outlines how as part of TPR's more proactive and targeted approach hundreds more schemes will be contacted in the coming year.

Communications clarifying duties and TPR's expectations will be sent to defined benefit (DB) schemes, newly authorised master trusts, defined contribution (DC) schemes and new employers with auto enrolment responsibilities.

TPR's new supervision team is already building one-to-one relationships with larger schemes. It is supervising more than 20 schemes and this approach is being rolled out many more. This will ensure TPR better understands the challenges schemes face and identifies potential future risk.

At the same time communications are being sent to more than a thousand schemes this year to monitor how savers are being treated when it comes to matters such as dividend payments to shareholders, length of recovery plans and efficient record-keeping. Action will be taken where standards are not met.

TPR will also use a 'rapid response' team to respond more quickly to reports and intelligence about companies or major restructuring plans. These actions will extend TPR's grip to far more schemes than in the past.

Charles Counsell, Chief Executive of TPR, said:

"We are publishing this plan at a time of great change in both the pensions landscape and the way TPR works…

…The final increase in automatic enrolment (AE) contributions to 8%, the authorisation of master trusts, and the Department for Work and Pensions (DWP) ongoing work resulting from the defined benefit (DB) white paper all create new and diverse challenges for pension schemes, employers and us all at The Pensions Regulator…

By driving up participation in workplace pensions and holding those we regulate to account, we are protecting pension savers and the Pension Protection Fund and increasing confidence in pension saving. We are striving to deliver better retirement outcomes."

Building on last year's joint strategy with the FCA on tackling key risks facing the pensions sector, TPR and the FCA will launch a joint review of the consumer pensions journey. This will explore how disclosures and information from pension schemes and providers combine with guidance and advice services to help pension savers make well-informed decisions.

TPR will also continue to work actively FCA and the Money and Pensions Service (MAPS) on DB to DC transfers to ensure that they work effectively for those who want to transfer, but enable savers to understand the risks involved and the options available to them.

Corporate Plan 2019-2022

Back to ***Contents***

HMRC Pension schemes newsletter 110

30 May 2019

The latest pension schemes newsletter includes information on the consultation on the transposition of the Fifth Money Laundering Directive.

HM Treasury has opened a consultation on the steps that the government proposes to take to meet the UK's expected obligation to transpose the Fifth Money Laundering Directive into national law.

The Fourth Money Laundering Directive (4MLD) placed a requirement on the UK to create a register for all express trusts that incur a UK tax consequence. As a result, HMRC set up the Trust Registration Service (TRS), which went live in 2017.

The Fifth Money Laundering Directive (5MLD) expands the scope of this register by requiring trustees or agents of all UK and some non-EU resident express trusts to register those trusts with the TRS, whether or not the trust has incurred a UK tax consequence. It also requires the government to share data from the register with a range of persons under certain circumstances.

This consultation provides an opportunity to comment on how the change to require all express trusts to register, not just those who are liable to pay tax, would impact on registered pension schemes.

Pensions schemes newsletter 110 also includes updates on:

- Relief at source
- Managing Pension Schemes service – user research

Back to ***Contents***

Recognised overseas pension schemes notification list

3 June 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list. 18 schemes have been added in this update.

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Pension Schemes Online: update to user guide

6 June 2019

The online service for pension scheme administrators and practitioners has been updated with information on new functions of the service.

Pension Schemes Online: user guide

Other updates for scheme administrators include:

Manage a registered pension scheme - more information on amending details in the sections on 'Update your scheme information' and 'Change scheme administrator details'.

Send pension scheme reports - more information on how to file your pension scheme return.

Back to ***Contents***

The right default fund could have the same impact as doubling pension contributions

6 June 2019

New research is urging savers to monitor their pension fund performance as the wrong default fund could be delivering a low return. The right default fund however could have the same impact as doubling contributions.

The Tax Incentivised Savings Association (Tisa) has published new research showing that over the last three years, 20 of the largest pension provider's default funds delivered returns ranging from 3.4 per cent to 11.9 per cent. For someone on a £30,000 salary investing for 50 years, these two percentages could lead to a difference of more than £2 million in a final pension pot.

New research suggests pension fund performance is a significant factor when it comes to saving for retirement, especially as the pension pot increases in size over time. According to TISA, the investing and saving membership organisation, a 1% increase in investment fund performance is equivalent to a 3% increase in contributions over a 50-year period. When you strip out the employer contribution, with minimum auto enrolment net employee contributions at 4%, this is equivalent to an individual almost doubling the minimum net amount they currently contribute.

The research also suggests that employees have significant potential to increase the long-term size of their pot depending on what pension scheme and default fund their employer chooses. Where schemes offer more flexibility, greater choice can also be made available to the saver.

Ninety five percent of members of defined contribution schemes are invested in the scheme's default strategy which can vary hugely when it comes to performance. Over the last three years, twenty of the largest pension providers' default funds delivered returns ranging from 3.4% to 11.9%, which would have had an enormous impact of the value of savers' pension pots.

To illustrate the impact of a performance uplift in monetary terms, if someone on a £30,000 salary invested in a pension fund with an annual growth rate of 3.4%, their fund would be valued at £153,600 after 50 years. Comparatively, if someone on the same salary invested in a pension scheme with an 11.9% annual growth rate, their fund would be valued at £2,271,200 over the same time period.

Renny Biggins, Retirement Policy Manager at TISA said:

"When it comes to choosing a pension scheme for employees, employers and financial advisers often focus on cost rather than other factors such as potential fund performance. Costs are transparent and comparable making savings easy to identify. Whilst a more sophisticated fund design doesn't guarantee higher returns, the possible returns based on up to date modelling techniques should be factored into the decision making process to increase the likelihood of enhanced retirement outcomes for employees.

"Even a marginally better performing fund can make a huge difference to someone's retirement savings, and it doesn't have to come at a significantly greater cost. Most larger pension providers have enough headroom to change the makeup of their default funds without breaching the government's default fund charge cap of 0.75%.

"Though mandatory contributions have gone a long way in helping people plan for their retirement – and we would like to see contributions increase further to 12% and possibly beyond through a phased strategic approach – contribution levels are only one half of the picture. Paying closer attention to the performance of scheme default funds is an essential part of ensuring employees are properly prepared for retirement. Additionally, if the aim of Auto Enrolment is to achieve appropriate financial resilience for employees and their families in retirement, it is unlikely to be achieved through contribution increases alone, which can be burdensome for smaller businesses and unaffordable for individuals."

Given the impact that investment performance has on the fund value over the longer-term and the discrepancy that exists between default propositions, TISA believes there needs to be more focus placed in this area.

Renny Biggins added:

"We would like to see providers, employers and financial advisers adopt a more holistic approach when selecting a default fund. Transparency of scheme default fund performance is key and whilst costs and charges are of course an important factor, the market is creating additional constraints over and above the charge cap with an over-emphasis placed on cost in isolation."

Back to ***Contents***

Tens of thousands entering retirement without ever taking advice each year

6 June 2019

New analysis from the Association of British Insurers (ABI) reveals alarmingly low levels of retirement readiness – putting a lifetime of saving at risk.

The analysis found that more than 62,000 people accessed some of their pension for the first time during a six-month period last year, but 34% haven't taken any form of financial advice. This worrying trend is echoed by the FCA who found that 91% of UK adults did not receive any financial advice in a 12-month period.

Advice is widely considered to be financially out of reach for most, which may explain why 21,000 people accessing a record-average pot size of £120,000 did so without ever having spoken to a financial adviser.

By doing so, thousands of retirees each month run the risk of making dangerous decisions about what to do with the large sums of cash they suddenly have access to, which could eventually lead to them running out of money too early and having to fall back on family members or the state just to cover expenses and the cost of living.

In light of these concerns the ABI recently published two communications guidance documents at its annual Long-Term Savings Conference.

1. The first document, '*Tailored Risk Warnings*', focuses on raising awareness of the *risks* that consumers face at different ages as they approach retirement. It recommends that customers receive three different forms of risk warnings at ages 50, then 55 to 70, and then at age 75. The different warnings cover scams and contributions for the younger groups, and then tax, life expectancy and power of attorney risks for the older groups – for example.

2. The second document, '*Communications Through the Lifecourse*' focuses on the *opportunities* during different stages of the customer's life. It highlights the need to speak to new 18-25 year olds differently to other age groups, in the same way that adults in their 50s will need to receive different messages as they draw closer to their retirement. By tailoring the messages they receive, firms should be giving consumer more confidence to make smart decisions about their future, based on the stage they're currently at in their saving.

Back to ***Contents***

Payroll and HR solutions specialist launches employment law advice service for employers

7 June 2019

Moorepay, the payroll and HR solutions specialist, has launched a solicitor-led employment law advisory service that is SRA (Solicitors Regulation Authority) approved to give legally privileged advice for a lower-cost retainer fee.

The service is a first for the HR, benefits and payroll sector and will allow Moorepay's 10,000 small to medium sized business clients to access high quality employment law support from specialist solicitors complemented by the HR expertise of Moorepay.

The new service will be considerably better value than accessing legal advice directly from specialist lawyers, with a retainer fee that replaces unpredictable and expensive hourly legal rates. The service allows customers to access advice directly from an allocated solicitor, 9am – 5pm Monday to Friday and includes a specialist defence Employment Tribunal preparation and representation service.

Recent legislative changes have seen a 77% increase in the backlog of cases going to tribunal. This is due to the removal of fees for raising a case which has made going to an employment tribunal a 'no cost option' for staff. As a result, more cases are going to tribunal, placing increased stress on employers as they devote time to preparing for hearings, a particular issue for small owner/managed businesses. As a result, many feel it is frequently cheaper to settle a weak claim than successfully resist it, which can encourage more speculative claims in the future.

The new Moorepay solicitor service aims to change this by opening access to legally privileged advice. To support this initiative, Moorepay has boosted its in-house team of experts, recruiting a team of employment law solicitors who can offer specialisms in pre-Tribunal advice along with Employment Tribunal preparation and representation.

The service is also FCA regulated to offer legal expenses insurance. In-house HR teams with this service need only call the Moorepay solicitor team when they are at a decision point. This differs from the traditional insurance backed approach which requires a lawyer or consultant to have been instructed from the beginning to the end of the process.

By launching the new service, Moorepay will make it more cost effective and easier for HR teams to get quality legal input into employment law related decisions from the Moorepay solicitor team. This aims to reduce the number of cases that go to Tribunal and ensures company HR departments get legal and practical HR advice from a single team who understand the issues they are trying to address.

The Moorepay service is currently being rolled-out across the firm's client base.

Back to ***Contents***

360,000 incorrect State Pension forecasts issued

7 June 2019

Guy Opperman, the Pensions Minister, has admitted in a letter to Royal London that 3 per cent of online state pension forecasts (360,000 in total) were erroneous due to issues with HMRC data.

According to PensionsAge, in a letter to Royal London director of policy, Steve Webb, Opperman confirmed that around 360,000 online statements were inconsistent with earlier written statements that savers had received, with the more recent online statements being incorrect. In some cases the amount people were forecasted to receive was inaccurate by more than £1,500 per year.

Commenting on the findings, Webb said:

"People are increasingly encouraged to use online services to help plan their retirement, and the new pensions dashboard will rely heavily on such data.

It is therefore very worrying that hundreds of thousands of people may have received incorrect state pension forecasts and in some cases will have taken decisions about their retirement plans on the basis of incorrect information.

Now that the government is aware of the scale of the problem, it must put an urgent stop to the issuing of incorrect statements.

Individuals need to have confidence that the information they receive from the government is accurate and should not have to live with the uncertainty that a statement they have already received may be seriously incorrect".

Opperman reportedly added that he has asked officials to "explore options" to improve the accuracy of the information in national insurance records and how they can use that information to calculate the forecast.

Back to ***Contents***

Pension schemes: service availability and issues

7 June 2019

The Managing Pension Schemes service will be unavailable from midnight to 10am on Sunday 9 June and Sunday 16 June 2019.

Due to scheduled maintenance you will be unable to access the online service during these times.

This message was delivered through the Pension schemes: service availability and issues webpage on GOV.UK.

Back to ***Contents***

HMRC Pensions Industry Stakeholder Forum

10 June 2019

The Minutes have been made available from the last meeting of the Pensions Industry Stakeholder Forum.

Topics under discussion at the meeting held on 9 April 2019 include:

- Managing Pension Schemes service
- RAS and Devolution
- Annual Allowance
- Reporting non-taxable death benefits
- GMP Equalisation

AOB included questions raised about:

- Overseas Transfer Charge
- Indian QROPS
- State pension and lump sums
- Death benefits
- In specie contribution appeal
- EU Exit and withholding tax rates

View the Pensions Industry Stakeholder Forum Minutes from the meeting held on 9 April 2019.

CIPP comment

The Pensions Industry Stakeholder Forum is an HMRC-sponsored forum that has been set up to help HMRC better manage its relationship with pension industry stakeholders and representative bodies. It is the main route of engagement on operational issues and meets on a bi-annual basis.

If you have anything you would like us to raise on your behalf at the next meeting (Tuesday 22 October 2019), please email us with the details using '.Pensions Industry Stakeholder Forum' in the subject box.

Back to ***Contents***

Net pay pensions petition

18 June 2019

NOW: Pensions has launched a Parliamentary petition to urge government to take action to ensure all savers receive tax relief regardless of the type of pension scheme they are in.

New analysis by NOW: Pensions reveals that across the country, low earners could be missing out on up to £111 million of government tax relief through no fault of their own. This is an increase of 43% on the previous tax year when NOW: Pensions calculated that savers were missing out on £78 million.

The issue arises primarily for workers who are automatically enrolled into a pension because they earn more than £10,000 per year but who are earning under the income tax threshold – now £12,500 per year. It is estimated that around three quarters of these workers are women in low-paid or part-time jobs.
Whether or not these workers benefit from pension tax relief depends on what sort of pension arrangement their employer has chosen – either 'Net Pay' or 'Relief at Source' (RAS).

The CIPP has been part of the working group campaigning to address the unfairness of net pay arrangement tax relief for low earners, which is now calling directly on the Government to act to end this discrepancy.

Adrian Boulding, Director of Policy at NOW: Pensions launched the parliamentary petition:

"Reform the payment of pension tax relief to ensure that no low earners miss out

We call on Government to ensure no low earners miss out on the tax top up on their pension contributions. We estimate that this issue hurts the living standards of nearly 2 million pension savers. Government should act to ensure low earners in all types of pension schemes receive pension tax relief."

Sign the petition to help ensure low earners get their pension top up from government.

- If the petition receives at least **10,000 signatures,** then it requires a formal response from Government.
- If the petition receives at least **100,000 signatures**, then it will be considered for debate in Parliament.

NOW: Pensions has created a dedicated webpage with further information about the net pay anomaly and the associated petition.

Back to ***Contents***

PASA publishes cyber security guidance for pension schemes

13 June 2019

The Pensions Administration Standards Association (PASA) the independent body dedicated to driving up standards in pensions administration, has announced the publication of its cyber security guidance for pension schemes.

Cyber security is becoming an increasingly regular topic for pension schemes. The introduction of the General Data Protection Regulation (GDPR) reaffirms the need for pension schemes and trustees to have an active cyber security review. This is supported by the Pensions Regulator's (TPR) statement that pension scheme trustees need to take active steps to protect members and assets against cyber risk. These reviews should be completed on a proportionate basis and a number of key areas require careful consideration.

The guidance from PASA provides practical support for trustees in formulating a robust and effective review of how they safeguard their scheme from cyber security issues. It covers five main sections:

- Risk Assessment
- Governance
- Risk Management
- Controls
- Incident Management

The National Cyber Security Centre also provides information such as the '10 steps to cyber security' to help organisations protect themselves.

Chris Connolly, Chair of PASA's eAdmin Working Group said:

"The lead up to the General Data Protection Regulations, introduced in 2018, saw cyber risk taking a steep hike up the trustee agenda. New technology and innovations present opportunity for increased efficiency, but also mean the potential security risks are growing in volume and sophistication. It's important for trustees to have a clear view of these potential danger areas and actively reassess them over time. Our guidance has been designed as a practical means to help identify where all risks and responsibilities lie, enabling schemes to put together a robust and effective plan of action to be taken should the worst unfortunately happen."

The guide can be found here and is accessible to all.

Back to ***Contents***

PLSA invites FTSE 100 companies to discuss raising workplace reporting standards

13 June 2019

The Pensions and Lifetime Savings Association (PLSA) has invited UK business leaders to meet with pension schemes to discuss their reporting of employment models and working practices.

In a letter to FTSE 100 Chairmen, PLSA chief executive Julian Mund said pension schemes responsible for £2.2 trillion of UK savers' money, believe a company's workforce is critical to its long-term success. Understanding how a company treats its workforce is therefore crucial to pension funds' decisions about which companies they invest in.

How UK companies treat, motivate and engage their workforces has been the subject of intense government and public scrutiny in recent years – and investors also believe a company's workforce is critical to its long-term success.

Corporate employment models and working practices on issues such as workforce diversity, pay practices and mental health issues matter substantially to investors and the PLSA believe should figure prominently in companies' annual reports. Failure to report this information also has the potential to negatively affect a company's reputation.

The letter to Chairmen follows a PLSA report published in April, 'Hidden Talent 2: Has workforce reporting by the FTSE 100 improved?', which found many companies fail to disclose workforce issues such as staff turnover, gender and ethnicity pay gaps, level of employee share ownership and supply chain ethics beyond the minimum statutory requirements.

With new disclosure regulations on the horizon, including new rules to require trust-based pension schemes to formally develop an ESG policy and the updated UK Corporate Governance Code, the PLSA hopes that engaging with the UK's largest listed companies will encourage them to improve their reporting practices.

Julian Mund, chief executive of the PLSA, said in the letter:

"It is the PLSA's aim that these discussions will help UK companies to lead global best practice in relation to workforce disclosure and governance.

It is only through working together on this issue that investors and companies can both deliver significant improvements to millions of working lives as well as delivering better returns to investors – and pension scheme members – over the long-term."

Back to ***Contents***

Pensions Regulator lifts the bonnet on default investment governance

13 June 2019

With more than 95% of members of trust-based DC pension schemes saving in a default arrangement, trustees are being scrutinised by The Pensions Regulator (TPR) in a new drive to ensure they are meeting their legal obligations and properly governing default arrangements.

Trustees of certain defined contribution (DC) and hybrid schemes must regularly review the default strategy and performance of the default arrangement. TPR has contacted hundreds of trustees and asked them to confirm that they have reviewed their default arrangements. The move is part of TPR's ongoing work to protect savers and ensure workplace pensions work.

David Fairs, Executive Director of Regulatory Policy, Analysis and Advice at TPR, said:

"Our focus is on good outcomes for savers in their retirements. To provide pension savers with the best pot for retirement they need good investment returns as they contribute into a pension through their employment.

Regularly reviewing a pension scheme's default arrangement, which the majority of savers contribute into, is vital for trustees to ensure they are investing in the best interests of members.

We are working to wake up those trustees who, research has shown us, do not engage with the regulator or sometimes do not realise they are not meeting standards of governance or administration that we expect.

This pilot is among some of the things we are doing as part of a new approach to contact trustees about their legal duties, support them to become compliant where we can and inform them about the alternatives – including winding up their scheme – if they do not or cannot meet the standards which we expect."

Under law, a pension scheme's default strategy and the performance of its default arrangement must be reviewed every three years, or when there is a significant change in a scheme's investment policy or demographic of its membership. Trustees should check the default arrangement is performing as expected and that the default strategy ensures investments are made in savers' best interests.

More than 500 DC schemes with between two and 999 members have been contacted as part of the pilot. Trustees have been asked to review guidance which outlines TPR's expectations. They are then asked to confirm if the strategy and performance of their scheme's default arrangement have recently been reviewed and remain suitable, by completing a simple online declaration form. Initial indicators show positive trustee engagement with the pilot.

If a scheme's default strategy has not been recently reviewed, trustees are being taken through simple steps to comply with the law including reviewing the current strategy, taking members' needs into account as well as the performance of the default arrangement. Trustees struggling to meet the expected standards should consider whether value for savers would be improved by transferring them into an alternative and better run scheme.

Walking trustees through complying with their requirements is a new approach by TPR for engaging with the most hard-to-reach trustees while also driving up standards of governance.

Back to ***Contents***

Recognised overseas pension schemes notification list

17 June 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

The update states that there have been 27 scheme names added to the list, and one removed. However, HMRC has now started listing the additions and according to the list (see below) there are only 19 additions; the one that has been removed has not been listed. No amendments have been cited in this update.

We have let HMRC know about the anomaly and as much as it is very useful to now have the details published of the changes, accuracy is paramount.

Australia
Cuthbert Superannuation Fund
English Family Superannuation Fund
Grant Family Super Fund
Harpsden Superannuation Fund
Ian Scholey Super
Jas23Super
JD & GM Hicks Superannuation Fund
Joshan Jamson Super
Leadership Place Super Fund
Leask Superannuation Fund
LHH 2 Superannuation Fund
Linter Superannuation Fund
Macmillan Super Fund
Martin Mitchell Self Managed Super Fund
Pearce Algoe Superfund
Phil - Judi Lawton Super Fund
Quillion Pension Fund

Isle of Man
Collis Family SIPP

Netherlands
SolarClarity BV by Brand New Day

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Pension schemes newsletter 111 – June 2019

27 June 2019

The latest pension schemes newsletter from HMRC includes a reminder to administrators that the deadline for submitting the 2018-19 annual return of information is 5 July 2019.

If the annual return is not submitted on time it will hold up interim claims for the tax month ending 5 July 2019 and any subsequent months until the annual return of information is received.

This newsletter is published by HMRC Pension Schemes Services to update stakeholders on the latest news for pension schemes. Pension Schemes Newsletter 111 has articles on:

- Relief at source
- Master Trusts supervision
- Managing Pension Schemes service
- Guaranteed Minimum Pension (GMP) equalisation - HMRC working group
- Telling HMRC about pension tax charges on the SA100 tax return
- Appendix 1 - guidance on receiving your Notification of Residency Status Report

Pension schemes newsletter 111 – June 2019

Back to ***Contents***

The Pensions Regulator - Corporate Plan 2019 - 2022

27 June 2019

TPR has published its Corporate Plan for the next three years which includes its priorities amid a time of continuing change both in the pensions landscape and in the way the Regulator is working.

The final increase in automatic enrolment (AE) contributions to 8%, the authorisation of master trusts, and the Department for Work and Pensions (DWP) ongoing work resulting from the defined benefit (DB) white paper all create new and diverse challenges for pension schemes, employers and The Pensions Regulator (TPR).

In developing the Corporate Plan TPR has considered the core regulatory risks that pose a significant threat to the achievement of its regulatory outcomes. These are:

- A failure or unmanaged exit of a trust-based scheme, providers or regulated entities.
- Excessive numbers of individuals deciding to opt out or stop saving into pensions.
- DB schemes not being funded to a level to assure that future member benefits will be paid in full.
- Employers being required to fund pension scheme deficits at the expense of investing in the growth of their business.
- Pension schemes or their members becoming victims of fraud.
- Poor governance or trustee decision-making resulting in poor member outcomes or loss of benefits.
- Poor administration resulting in poor member outcomes or loss of benefits.
- Employers seeking to avoid their responsibilities to the pension scheme.
- Savers suffering a loss due to making poor decisions about their pension funds because they were misinformed or uninformed.
- Employers not complying with their duties to provide pensions to their staff.

TPR's organisational priorities for the next year are based on its analysis of these risks and the likely impact of broader economic and market influences.

The six priorities below reflect the current outlook for the next three years, and if you delve deeper into the Corporate Plan, specific activities are outlined under each priority, which relate to the 2019-2020 financial year.

1. Extending its regulatory reach with a wider range of proactive and targeted regulatory interventions
2. Providing clarity, promoting and enforcing the high standards expected of trusteeship, governance and administration
3. Intervening where necessary so that DB schemes are properly funded to meet their liabilities as they fall due

4. Ensuring staff have an opportunity to save into a qualifying workplace pension, through automatic enrolment
5. Enabling workplace pensions schemes to deliver their benefits through significant change, including responding to Brexit
6. Building a regulator capable of meeting future challenges

TPR will also be working with the DWP, the Money and Pensions Service, the Financial Conduct Authority (FCA) and the dashboard delivery group to develop the regulatory framework for effective consumer-facing dashboards. TPR's record-keeping and data quality initiatives will be vital for the successful introduction of the pensions dashboard.

Thanks to the success of automatic enrolment TPR has already made a lot of progress in protecting the 10 million people either newly saving or saving more. With the increase in contributions, it is more crucial than ever that savers have confidence that their pensions are safe. TPR's authorisation programme ensures master trusts are run by fit and proper people and have the right systems, processes, plans and finances in place.

TPR's workforce has face increased pressures and the transformation as a regulator has meant significant changes to what the teams do, as well as how they do it. TPR has stated that it remains committed to the individual personal development of each member of the team to ensure it can do the best job possible on behalf of pension savers.

This year's Corporate Plan will ensure that TPR builds on the progress made over the last couple of years and will continue to make workplace pensions work while providing value for money for its regulated community.

TPR has pledged to maintain the momentum from the changes in its regulatory approach to ensure that it is clear in its expectations of schemes and trustees, quick to spot and act on issues emerging and tough in its pursuit of those who do not fulfil their duties and obligations.

For full details see TPR's 2019 - 2022 Corporate Plan.

Back to ***Contents***

Latest Countdown Bulletin published

3 July 2019

The latest Countdown Bulletin provides important guidance and updates to pension scheme administrators about the end of contracting-out.

Although contracting-out came to an end in April 2016, schemes are still submitting termination and transfer notices with end dates on or after 6 April 2016.

The National Insurance Services to Pensions Industry (NISPI) countdown bulletins provide additional guidance for pension scheme administrators to enable them to make sure all individuals contracted out pension rights are secured correctly.

Countdown bulletin 46 has updates on:

- Scheme Financial Reconciliation
- Scheme Financial Allocations
- problems accessing Shared Workspace

Previous editions of the Countdown Bulletin are also available on GOV.UK

Back to ***Contents***

Don’t let a scammer enjoy your employees’ retirement

2 July 2019

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) are urging employers to get to know their responsibilities and help protect staff from becoming victims of pension scammers.

The regulators recommend four simple steps that employers can share with their staff to protect them from pension scams:

1. Reject unexpected pension offers whether made online, on social media or over the phone
2. Check who you’re dealing with before changing your pension arrangements. Check the FCA Register or call 0800 111 6768 to see if the firm or person you’re dealing with is authorised by the FCA
3. Don’t be rushed or pressured into making any decision about your pension
4. Consider getting impartial information and advice in some cases you may be required to do so

If your staff think they’ve been, or are at risk of becoming, a victim of a pension scam, report it**.**

A booklet, poster and more information for you to share with your staff can be found on the TPR website.

Back to ***Contents***

Top executives pension contributions

5 July 2019

Pension contributions made by employers for their top executives and other workers are being scrutinised by shareholders and regulative organisations regarding inequality.

With the strengthening of the UK Corporate Governance code in July last year organisations must align executives’ pensions with those available to the wider workforce, or provide an explanation why they are failing to do so. The Financial Reporting Council set these accounting standards and have the force of law for listed companies to prepare annual reports.

The situation was made worse with the introduction of Tapered Annual Allowance (TAA) in 2016, as this meant that large additional cash payments were necessary to maintain the real level of pension benefits executives historically enjoyed. TAA limits tax relief on contributions up to £10,000 per annum, any contributions above this are taxed at the individual’s marginal rate. Contributions over this amount are often given as a cash allowance and these payments attract income tax in a way that pension contributions do not.

To muddy the waters further there is also a gender problem as well as there are fewer women who hold senior positions.

More on this in employee benefits

Back to ***Contents***

New fair and consistent pension scheme for Royal Mail

5 July 2019

In his foreword for the Delivering Collective, Defined Contribution and Pension Schemes consultation published in March 2019, Pensions Minister Guy Opperman MP stated that the UK has a world-class occupational pension system, but there is always opportunity for further innovation and improvement.

The Royal Mail has taken the Minister at his word with its innovative proposals for a collective defined contributions (CDC) pension scheme which it claims will be fairer for all its employees. Though the scheme is not yet in force, enabling legislation is now expected in the Autumn.

Royal Mail's scheme will be defined contribution (DC) in style but its investments will be pooled and members' retirement income will be paid directly out of the fund. It will target a similar level of benefits as currently provided by the organisation's defined benefit (DB) scheme, with contribution rates of 6% employee and 13.6% employer for all members. Although benefits will be targets rather than being guaranteed, a guaranteed cash lump sum element is built up every year.

It is expected that benefits under this CDC scheme will be more achievable because there is no need to switch to lower-return investments as the member approaches retirement. Instead benefits are paid directly out of the fund which will be focused on the consumer prices index plus 2%.

Back to ***Contents***

TPR publishes consultation on reducing the number of poorly governed pension schemes

4 July 2019

The future of trusteeship and governance consultation outlines the problem of badly run pension schemes and considers how the trustee model can be made more effective.

In particular it poses questions to the industry about how to improve and evidence trustee knowledge and understanding, how to encourage diversity on boards, the role of accreditation and whether sole trustees are able to govern effectively.

David Fairs, Executive Director of Regulatory Policy, Analysis and Advice at TPR, said:

"We believe all savers should be in well-run schemes that deliver good value. This paper outlines how we are considering changing the way we regulate to achieve that.

The trustee model isn't broken, but it does need to be greatly improved. There is stark evidence that the current system doesn't work for all and there is a clear disparity between the experience of savers in well-run and badly-run schemes. If trustees cannot meet the standards we expect, we believe they should wind up and consolidate savers into a better run scheme."

Questions posed to the pensions industry in the 30-page consultation include:

- Should there be an accredited professional trustee on every board?
- Are sole trustees on a pensions board able to run pension schemes appropriately?
- How can barriers to consolidation be removed?
- Should a legal requirement be brought in for trustees to meet minimum standards of knowledge and understanding and ongoing learning?
- How can diversity on pension scheme boards be improved?

Mr Fairs added:

"Despite our work, including through initiatives like 21st Century Trusteeship, there is still a subset of disengaged trustees who either refuse or are unable to improve standards in their schemes.

This clearly is not fair for savers - we believe that everyone saving for a pension should be in a scheme with excellent standards of governance and which is providing good outcomes for savers."

Back to ***Contents***

Recognised overseas pension schemes notification list

16 July 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 13 scheme names added to the list, and two removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia
A and A Henry Self Managed Super Fund
Gilmour Investments Super Fund
Jumbunna Retirement Fund
MJ & C Davies Superfund
ML Swinton Super
Pearson-Wright Super Fund
RA & SA Barron Superannuation Fund
Speight Superfund
Tour de Faahan
Wilkinson Super

Gibraltar
Athena QROPS

Hong Kong
Neosourcing Pension Scheme

Isle of Man
Charis SIPP

Schemes deleted

India
Exide Life One Advantage Retirement Plan

Isle of Man
Ardonan Isle of Man Pension Plan

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Supreme court ruling to apply to all public sector pension schemes

30 July 2019

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination.

Background
The pension scheme changed on 1 April 2015 from a Final Salary Scheme to a Career Average Revalued Earnings Scheme (CARE) where members starting after 1 April 2015 would join the 2015 Scheme. Unprotected members of the 1992 and 2006 Final Salary Schemes moved into the 2015 Scheme on 1 April 2015. Protected members of the 1992 and 2006 schemes, depending on the level of protection, either stayed in their existing scheme or moved into the 2015 Scheme when their protection ceased.

In December 2018, the Court of Appeal held that transitional protections that sheltered older judges and firefighters from the significant reductions in pensions entitlements which the claimants suffered as a result of the public sector pensions changes in 2015, were unlawfully discriminatory. It also held that the desire to protect older judges/firefighters when they would have been least affected by the 2015 changes was 'irrational' and that the absence of evidence supporting this aim meant that there was no basis on which it could have been found to be legitimate. The Court of Appeal also found that the age protection was indirectly discriminatory on the grounds of sex and race.

Permission to appeal denied
On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination.

The Chief Secretary to the Treasury, Elizabeth Truss responded to the decision in a written statement saying that the Government respects the Court's decision and will engage fully with the Employment Tribunal to agree how the discrimination will be remedied.

The ruling relates to the 'transitional protection' offered to some members when the reformed schemes were introduced. In order to ensure people close to retirement age were treated fairly, the government agreed to 'transitional protection', which broadly permitted those members who were closest to retirement at the time new pension schemes were introduced to remain members of their respective old schemes.

The court has found that those too far away from retirement age to qualify for 'transitional protection' have been unfairly discriminated against. As 'transitional protection' was offered to members of all the main public service pension schemes, the government believes that the difference in treatment will need to be remedied across all those schemes. This includes schemes for the:

- NHS
- civil service
- local government
- teachers
- police
- armed forces
- judiciary
- fire and rescue workers.

The Chief Secretary said that continuing to resist the full implications of the judgment in Court would only add to the uncertainty experienced by members.

The matter will be remitted to the Employment Tribunal in respect of the litigants in the firefighters and judicial pension schemes. It will be for the Tribunal to determine a remedy. Alongside this process, government will be engaging with employer and member representatives, as well as the devolved administrations, to help inform government proposals to the Tribunal and in respect of the other public service pension schemes.

Initial estimates suggest remedying the discrimination will add around £4bn per annum to scheme liabilities from 2015.

The Chief Secretary ended her letter confirming that the reasons for the 2015 reforms remain:

"that public service pensions are a significant cost for the taxpayer, now and in the future."

And that the judgment does not alter the government's commitment to ensuring that the cost of public service pensions are affordable for taxpayers and sustainable for the long term.

Back to ***Contents***

Pension schemes newsletter 112

1 August 2019

The latest pension schemes newsletter from HMRC includes updates on relief at source, master trust supervision, the managing pension schemes service, and more.

This newsletter is published by HMRC Pension Schemes Services to update stakeholders on the latest news for pension schemes. Issue 112 includes articles on:

- relief at source
- pension flexibility statistics
- annual allowance
- The Pensions Regulator (TPR)'s consultation on the future of pension trusteeship and governance
- Qualifying Recognised Overseas Pension Schemes (QROPS) transfer statistics

Pension schemes newsletter 112 – July 2019

Back to ***Contents***

Latest Countdown Bulletin published

1 August 2019

The latest Countdown Bulletin provides important guidance and updates to pension scheme administrators about the end of contracting-out.

Although contracting-out came to an end in April 2016, schemes are still submitting termination and transfer notices with end dates on or after 6 April 2016.

The National Insurance Services to Pensions Industry (NISPI) countdown bulletins provide additional guidance for pension scheme administrators to enable them to make sure all individuals contracted-out pension rights are secured correctly.

Countdown Bulletin 47 has updates on:

- Scheme Financial billing exercise
- Scheme Financial refund exercise
- Returned cheques

Previous editions of the Countdown Bulletin are also available on GOV.UK.

Back to ***Contents***

Financially savvy just as likely to fall victim to pension scams

8 August 2019

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) are joining forces again this summer to warn the public about fraudsters targeting people's retirement savings.

This warning comes as new research suggests that 42% of pension savers, which would equate over 5 million people across the UK, could be at risk of falling for at least one of six common tactics used by pension scammers. The likelihood of being drawn into one or more scams increased to 60% among those who said they were actively looking for ways to boost their retirement income.

Pension cold calls, free pension reviews, claims of guaranteed high returns, exotic investments, time-limited offers and early access to cash before the age of 55 could all tempt savers into risking their retirement income.

The research also found that those who consider themselves smart or financially savvy are *just as likely* to be persuaded by these tactics as anyone else.

Pension savers were tempted by offers of high returns in investments such as overseas property, renewable energy bonds, forestry, storage units or biofuels. However, exotic or unusual investments are high-risk and unlikely to be suitable for pension savings. Nearly a quarter (23%) of the 45-65-year-olds questioned said they would be likely to pursue these exotic opportunities if offered them.

How do pension savers fare when faced with six common scam tactics?

1. **Offering exotic investment opportunities** - 23% of 45-65-year-old pension savers would pursue an offer of high returns in either overseas properties, renewable energy bonds, forestry, storage units or biofuels, even though these are high-risk investments and unlikely to be suitable for pension savings.

2. **Calls out of the blue** – 23% of 45-65-year-old pension savers would engage with a cold call from a company asking to discuss their pension plans.

3. **Offering early access to your pension pot** – 17% of 45-54-year-old pension savers would be interested in a company that offered to get them early access to their pension pot.

4. **Guaranteed high returns on your pension savings** – 13% of 45-65-year-old pension savers would pursue an offer guaranteeing returns of 11% on their pension savings.

5. **Offering to review your pension for free** – 10% of 45-65-year-old pension savers would say yes to a free pension review from a company they'd never dealt with before.

6. **Time-limited offers** – 7% of 45-65-year-old pension savers would say yes to a company who offered a special deal that won't be around for long and offered to send a courier to sign the paperwork immediately.

Victims of pension fraud reported in 2018 that they had lost an average of £82,000.

Pension fraud can be devastating, as victims can lose their life savings and be left facing retirement with limited income.

As a result, the regulators are joining forces to urge pension savers to be ScamSmart and to check who they are dealing with before making any decision on their pension. Last year's ScamSmart campaign resulted in more than 370 people being warned about unauthorised firms. This year's campaign is currently running on TV, radio and online.

The regulators recommend four simple steps to protect yourself from pension scams:

1. Reject unexpected pension offers whether made online, on social media or over the phone
2. Check who you're dealing with before changing your pension arrangements – check the FCA Register or call the FCA contact centre on 0800 111 6768 to see if the firm you are dealing with is authorised by the FCA
3. Don't be rushed or pressured into making any decision about your pension
4. Consider getting impartial information and advice

Pension savers can test how ScamSmart they are by taking a new quiz on the ScamSmart site. Visit ScamSmart to find out more.

Back to ***Contents***

Tapered annual allowance for senior NHS clinicians to be reveiwed

9 August 2019

A new consultation is to be published which proposes full flexibility over the amount senior NHS clinicians put into their pension pots.

To address the issues around care in the NHS the Department of Health and Social Care (DHSC) will be replacing its recently published 50:50 consultation with new proposals to change pension rules for top doctors, surgeons and other high-earning clinicians to allow them to take on extra shifts and treat more patients without losing out financially.

The NHS Pension Scheme is recognised as one of the most generous in both the private and public sector. But the tapered annual allowance means some clinicians can face tax charges. The allowance has been reduced from £255,000 a year in 2010-11 to £40,000 - and drops still further for the highest earners. Around a third of NHS consultants and GP practice partners have earnings from the NHS (£110,000 plus) that could potentially lead to them being affected by the tapered annual allowance.

Starting from April 2020, the new rules would allow senior clinicians to set the exact level of pension accrual at the start of each year. For example, 30% contributions for a 30% accrual rate, or any other percentage in 10% increments depending on their financial situation. This would give them room to take on additional work without breaching their annual allowance and facing tax charges.

The proposals follow the commitment made in the NHS People Plan to deliver a fairer and more flexible approach to the NHS Pension Scheme for senior clinicians.

Guidance will also be given to employers setting out how they can provide flexibility at a local level this financial year for clinicians to do extra work without breaching limits for pensions tax relief. This will allow affected staff to opt-out of the NHS pensions scheme mid-year. Their employer will be able to use discretionary flexibility to maintain the value of the clinicians' total reward packages.

Back to ***Contents***

Recognised overseas pension schemes notification list

19 August 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 18 scheme names added to the list, and one removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia
Barry and Julia Carter Superannuation Fund
Connelly Super Fund
David Smith SMSF
Foster Superannuation Fund

Gooding Super Fund
I & A McLellan Super Fund
Jones UK Super Fund
Kalyan Superannuation Fund
M and V Garland Self Managed Super Fund
McAney Family Superannuation Trust
Richkate
Sedgefield Superannuation Fund
Sit Down Super Fund
Slevin Family Super Fund

Isle of Man
Ardonan Isle of Man Pension Plan

Jersey
Vantage Employee Pension Scheme

Netherlands
ABP Pension Scheme

New Zealand
SMS 14 Fund

Schemes deleted

Australia
Bee Eater Super Fund

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Pension schemes newsletter 113 – August 2019

2 September 2019

The latest pension schemes newsletter from HMRC contains a timely reminder to scheme administrators to submit your annual return and APSS590 declaration for 2018-19 by 30 September to ensure an accurate residency status report.

Successful submission by 30 September 2019 will ensure that HMRC can give you the correct residency status for your members on your January 2020 notification of residency status report. You can then use this to give your members tax relief from 5 April 2020 and claim the right amount of repayment from HMRC.

This newsletter is published by HMRC Pension Schemes Services to update stakeholders on the latest news for pension schemes. Issue 113 includes articles on:

- relief at source - annual returns of information for 2018 to 2019
- relief at source - APSS106 annual claims for 2018 to 2019
- annual allowance - pension savings statements for 2018 to 2019

Pension schemes newsletter 113 – August 2019

Back to ***Contents***

Latest Countdown Bulletin published

3 September 2019

The latest Countdown Bulletin provides important guidance and updates to pension scheme administrators about the end of contracting-out.

Although contracting-out came to an end in April 2016, schemes are still submitting termination and transfer notices with end dates on or after 6 April 2016.

The National Insurance Services to Pensions Industry (NISPI) countdown bulletins provide additional guidance for pension scheme administrators to enable them to make sure all individuals contracted-out pension rights are secured correctly.

Countdown Bulletin 48 has updates on:

- Final Data Cuts for Ceased Schemes
- Approach for producing Final Data Cuts
- Guaranteed Minimum Pension (GMP) Conversion

Previous editions of the Countdown Bulletin are also available on GOV.UK.

Back to ***Contents***

Recognised overseas pension schemes notification list

3 September 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 5 scheme names added to the list, and one removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia
AJ Jackson Super Fund
Chapman Superfund
Lawther Superannuation Fund

Jersey
Jersey Pension Plan

Netherlands
Element Six NV by Brand New Day

Schemes deleted

Australia

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Share your view on independent schools withdrawal from Teachers' Pension Scheme

11 September 2019

The Department for Education (DfE) have published a consultation that seeks views on proposals that will impact future involvement that independent schools have within the Teachers Pensions Schemes.

This consultation sees the DfE focussing on a proposal that will result in an amendment to the Teachers' Pension Scheme (TPS) rules that will enable independent schools to opt out of TPS participation for future teaching staff whilst allowing existing staff to remain as active members.

This paper has been published in response to a consultation that closed earlier in 2019 that saw DfE agree to consider this option further.

Teachers' Pension Scheme – Independent Schools Phased Withdrawal Proposal relates to the TPS, which provides a pension for participating teachers and other eligible staff working in the education sector in England and Wales.

The main elements proposed include:

- TPS regulations to be amended to allow an independent school to choose to keep its existing teachers in the TPS, while offering alternative pension provision to new teaching employees (as it is mandatory for an employer to enrol an employee into a pension scheme).
- A teacher joining a school that made this choice would be enrolled in an alternative pension scheme, including those who were active members of the TPS immediately beforehand.
- Existing members could remain in the TPS until they leave employment with that particular school (or join another fully participating school).
- A teacher who was employed by a school at the time that participation was frozen but who opted out would be able to return to the TPS at a later date.
- A teacher who opted out of the TPS after the independent school had frozen participation would not be eligible to return to the TPS and would instead be offered an alternative pension scheme.
- A teacher who was no longer in pensionable service as a result of sick leave or family leave etc. would be able to resume active participation in the TPS where the period involved is covered by statutory rights or their contract of employment.
- In cases where the leave of absence is beyond statutory or contractual rights, whether the teacher could return to the TPS, or would instead be offered alternative pension provision, would be at the discretion of the school.
- An independent school which chose to freeze participation would retain the option of returning to the TPS at a future date, but where a school did return, it would be required to enrol all eligible teaching staff from the date that it returned.

Teachers' pensions in Scotland and Northern Ireland remain a matter for those devolved administrations.

Responses to this consultation, which will close on 3 November 2019, can be made online.

Further information can be accessed from the consultation paper and any enquires can be addressed by email to TPS.CONSULTATIONS@education.gov.uk

Geographical extent: *England & Wales*

Back to ***Contents***

Taking stock with the Mid-life MOT

9 September 2019

As well as launching their own Mid-life MOT site, the Department for Work and Pensions (DWP) has worked with Business in the Community (BiTC) on a guide for SMEs, showing how they can facilitate mid-life MOTs for their staff.

The mid-life MOT is a review that enables employees in their 40s, 50s and 60s to assess their health, skills and finances, so they can better prepare and plan for the future they want.

For employers, mid-life MOTs help retain older employees, keeping crucial knowledge and skills within the organisation.

This guide for SMEs has been designed with small and medium-sized businesses in mind and sets out how a mid-life MOT can help both employees and employers, and where to go for advice and support.

Providing advice and support at this point is important. Juggling work/life balance, planning future finances and considering career and learning opportunities in mid-life can be difficult. Once people reach 50, they are more likely to fall out of the workforce altogether, putting them at greater risk of poverty in retirement.

DWP - Mid-life MOT site
DWP and BiTC - guide for SMEs

Back to ***Contents***

TPR launches prosecution against director

13 September 2019

A company director is being prosecuted by The Pensions Regulator (TPR) for failing to provide information and documents requested as part of an ongoing investigation.

Michael Woolley was asked to provide information about investments made by company Southbank Capital Limited, of which he is both a director and a shareholder. The investments relate to money and / or assets originating from 16 pension schemes for which PIM Trustees Limited is the trustee. Mr Woolley is the sole director and a shareholder of the professional trustee firm.

Mr Woolley is accused of failing to comply with a notice issued under section 72 of the Pensions Act 2004 that required the information and documents to be provided by 12 February 2019.

It is an offence under section 77(1) of the Act to neglect or refuse to produce documents and information required under section 72 without a reasonable excuse. The offence is triable only in a magistrates' court and is punishable with an unlimited fine.

Mr Woolley has been summonsed to appear at Brighton Magistrates' Court on 13 November 2019 to face a charge of neglecting or refusing to provide information and documents, without a reasonable excuse, when required to do so under section 72.

Back to ***Contents***

Government launches consultation to overhaul NHS pension scheme

17 September 2019

Following the recent controversy surrounding NHS pensions which revealed widespread opt-outs and workers cutting their hours, the government has now announced plans to overhaul the NHS pension scheme by giving staff more flexibility in their retirement planning.

The suggested changes would allow NHS workers to choose how much income they want in retirement and to adjust their contributions accordingly.

The relative generosity of the NHS Pension Scheme means that for some staff, mostly senior doctors, changes since 2010 to the way that wider pensions taxation works has resulted in their pension now growing to a level beyond their tax-free allowance. A tax charge is levied on the value of pension growth that exceeds the tax-free allowance.

This is causing significant financial concerns to those doctors, with many now looking closely at whether it is in their financial interest to do extra work for the NHS. For some, the potential impact of the tax changes is prompting them to consider retirement or withdrawal from the NHS Pension Scheme.

The government has published a consultation which sets out proposals to offer senior clinicians more control over their pensions growth, so they can continue to provide the services that patients need.

The new plans go significantly beyond the 50:50 flexibility previously proposed. The new proposals include:

- a 'flexible accrual' option where members can choose an accrual level in 10% increments
- the option to 'fine tune' pension growth towards the end of the scheme year, when total earnings are clearer.

The NHS Pension Scheme is a statutory scheme, so any changes require legislation and significant amendment to pension administration and payroll systems. Accordingly, the earliest changes can be made is in time for the next tax year.

The CIPP will not be issuing a survey but interested members can respond to the consultation directly through GOV.UK.

Back to ***Contents***

Recognised overseas pension schemes notification list

17 September 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 26 scheme names added to the list, and five removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia
Corner Table Productions Super Fund
Family Gamble Super Fund
Green Superannuation Fund
Hatty Super Fund
Hooray Superannuation Fund
J & F Atherton Superannuation Fund

Lee & Ben Thomas SMSF
Maclean QROPS SMSF
Manuel Superannuation Fund
Martin Burton Superannuation Fund
Matthews Superannuation Fund
R & L Stephens SMSF
Ray Noble Super Fund
Russell ROPS Superannuation Fund
Winx Superannuation Fund
WJW Super Fund

Canada
IAG Saving and Retirement Plan RRSP-QROPS

Guernsey
Bluebird Trust

Hong Kong
Invisible Thread Retirement Scheme

India
SBI Life - Annuity Plus

Isle of Man
Thornhill Personal Pension Scheme

Netherlands
Executive Learning Partnership CVBA by Brand New Day
Greystar Netherlands Cooperatief UA by Brand New Day
IMC Trading B.V. by Brand New Day
Perrett Laver (Netherlands) B.V. by Brand New Day
Stichting Pensioenfonds Thales Nederland

Schemes deleted

Australia
NP Aged 55 SMSF
Ray-Jean Super Fund

Gibraltar
Kreston Gibraltar Pension Plan

Ireland
Tony Dervan SSAP

Isle of Man
KOR Personal Pension Scheme

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to *Contents*

Recognised overseas pension schemes notification list

3 October 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 14 scheme names added to the list, and one removed.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia
Alamo33 Super Fund
Anjala Super Fund
Blyth Super Fund
Clock End SMSF
Kenward Family Super Fund
Kidby 55 plus Super Fund
MacTara Superannuation Fund
PJ & C Street Super Fund
Rise & Shine Superannuation Fund

Hong Kong
BIAL Retirement Scheme

Isle of Man
Delooze SIPP
KOR Personal Pension Scheme

Jersey
MSP Pension Limited

Netherlands
Brown-Forman Netherlands BV by Brand New Day

Schemes deleted

Mauritius
Marina Pension Trust

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Decrease in pension contributions correlates with significant increase in number of self-employed individuals

3 October 2019

The Telegraph has reported that a sharp increase in the number of people who are classed as self-employed has, in turn, prompted a decrease in the number of pension contributions that are being made in the UK.

Legislation surrounding auto-enrolment and the requirement for an employer to make pension contributions on behalf of their employees and for the employee themselves to contribute, obviously does not apply to those who work for themselves. Concerning figures highlight that self-employed people are not saving into personal pensions and therefore are not planning for their retirement. Of further concern is that these individuals are not benefitting from the tax relief associated with investing into a pension pot, preferring to invest back into their businesses in the short term.

Figures show that, in 2001, 3.3 million people were classed as being self-employed, which had rocketed to an impressive 5 million by the time figures were released last year. The fact that, the number of people classed as self-employed has grown significantly, yet there are lower figures of pension contributions being made amongst the self-employed indicates that there is a worrying trend in which people who work for themselves are not saving for their futures.

Read the full story from The Telegraph.

Back to ***Contents***

Women born in the 1950s lose state pension age case against the government

7 October 2019

Women born in the 1950s lose state pension age case against the government

The High Court has ruled in favour of the government in relation to the case against the Backto60 group regarding the increase of state pension age for women born in the 1950s.

In a verdict that seemingly shocked the courtroom, the changes to state pension age for women were not deemed discriminatory. In fact, the legislation was recognised as introducing fairness and consistency to the treatment of men and women in relation to the state pension.

Campaigners accept and embrace the matter of equality of the sexes where state pension age is concerned but argued that the government proceeded in an inequitable manner when introducing new state pension age legislation. They asserted that women born in the 1950s were given insufficient time to prepare for the substantial changes and that this left many concerned in positions of financial hardship. The High Court disagreed with these claims and declined to award compensation to any of those affected.

Historically, prior to 2010, women qualified for their state pension at the age of 60 but this has been gradually increasing. The retirement age was lifted from 60 to 65 to emulate the treatment of men in relation to the state pension. This is set to increase to 66 in 2020 and then again, to 67 by 2028.

The BBC reported that the Department for Work and Pensions (DWP) welcomed the decision as the changes were "entirely lawful and did not discriminate on any grounds" but obviously the ruling has not been received favourably by all.

Back to ***Contents***

The Pensions Regulator to issue penalties for poor reporting

7 October 2019

The Pensions Regulator (TPR) has stated that it is to commence a 'crackdown' on any pension schemes where trustees are not compiling accurate data and on those who are not performing regular validity checks on that data.

They have contacted circa 1,200 organisations with a polite reminder that they should be performing annual reviews on the data that they hold, or they could potentially face considerable fines, with the maximum penalty encompassing £50,000.

TRP's executive director of regulatory policy, David Fairs, stated that "accurate record-keeping is vital to good governance and administration" and that "requiring trustees to carry out reviews will force them to look closely at their data."

TPR state that the accuracy of information held regarding various pension schemes and their members has a direct impact on how correctly pensions are handled and therefore the fundamental success of a scheme relies heavily on holding correct data.

Accurate record-keeping will also be vital for the pensions dashboards so that savers can see exactly what pension savings they have and consider whether they need to put more away for later life.

As a direct response to checking the data they hold, if there are any inconsistencies or inaccurate items, Trustees will be responsible for putting plans into place to remedy the problem. The overall aim of TPR in requesting regimented reporting is to ensure governance and compliancy across all pension schemes.

Back to ***Contents***

Potential four percent uplift to state pension from April 2020

8 October 2019

The full state pension is expected to receive a boost from £168.60 as it currently stands to £175.35 per week, with the basic state pension rising from £129.20 per week to £134.35 from April 2020 onwards. This reflects a four percent increase to the state pension prompted by figures relating to earning growth published by the Office for National Statistics.

The earnings growth figure is substantially higher than price inflation or the base figure 2.5%, which all form part of the 'triple lock' calculation system. Essentially, this calculation means that the state pension is uplifted by whichever is highest of the three. This system was introduced back in 2010 and has ensured that the weekly state pension has increased significantly since then.

Speaking to Pensions Age, Steven Cameron, director of Aegon pensions state "based on the latest earnings growth figures, it looks like state pensions can look forward to an inflation busting four percent increase". He also warned that, although this is positive news for pensioners, the hike would be of considerable cost as pensions are currently taken from national insurance contributions of those currently classed as employees.

Back to ***Contents***

HMRC Countdown Bulletin: October 2019

8 October 2019

Edition 49 of the Countdown Bulletin has recently been published and focuses on guidance surrounding the end of contracting out in relation to pensions and the role that HMRC will play in facilitating this.

The Countdown Bulletins provide important guidance and updates to pension scheme administrators about the end of contracting-out. Although contracting-out came to an end in April 2016, schemes are still submitting termination and transfer notices with end dates on or after 6 April 2016.

The National Insurance Services to Pensions Industry (NISPI) countdown bulletins provide additional guidance for pension scheme administrators to enable them to make sure all individuals contracted out pension rights are secured correctly.

The Bulletin covers the following areas of interest:

- Final SRS Outputs
- Scheme Contracted Out Numbers (SCONs)
- Incorrect GMP
- Contribution Equivalent Premiums (CEP)
- Raising queries with HMRC

Back to ***Contents***

Recognised overseas pension schemes notification list

16 October 2019

This is the list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 19 scheme names added to the list, and three removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia
Cooper Corporate Superannuation Fund
Elman Superannuation Fund
Hodgskins Superannuation Fund
Hughes and Hughes Super Fund
Julian Owens Super Fund
Leeds MOT Superannuation Fund
Lesley Fromant Superannuation Fund
M & G Stebbings Superannuation Fund
MRGough Super Fund
PJ Hodgson Super Fund
Red Dragon Superannuation Fund
Richard Womack Super Fund
Savill Family Superannuation Fund
Stephen D Johns
Tarnagulla
Wagstaff Super Fund

Canada

IA Clarington Investments Inc Retirement Savings Plan (QROPS)

Jersey
Fiduchi International Retirement Trust Scheme

Netherlands
TIBCO Software Services Netherlands BV by Brand New Day

Schemes deleted

Guernsey
La Mirousse Retirement Annuity Trust Scheme
Mazarron Retirement Annuity Trust

New Zealand
NZ Endeavour Fund

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements

Back to ***Contents***

Pensions Ombudsman plan to launch online complaints portal

11 October 2019

In the Corporate Plan for 2019-2022, the Pensions Ombudsman have advised of their intention to provide a complaints portal in order to streamline the current complaints process and to reduce the timescales associated with the creation, escalation and resolution of pension-related grievances.

The document outlines how new technology will enable people to easily upload documents that are relevant to their case and that there will be a new tracking feature so that individuals will be able to monitor their complaint in a simple and efficient manner which will also manage their expectations in terms of when they can expect to receive a response.

The ombudsman recognises that the new developments will require significant IT input and have stated that they will continue investing in a high calibre of staff to assist with the smooth implementation of new online services.

Back to ***Contents***

NEST Insight report into assisting the self-employed with pension savings

14 October 2019

The collaborative research arm of NEST – NEST Insight have published a report that incorporates the results of some recent investigative research that shone the spotlight on how the self-employed can be supported in terms of saving for their retirement and pensions.

Individuals who are classed as employees are entitled to save for their pensions through PAYE and receive percentage-based contributions from their employer in line with auto-enrolment legislation. These rules don't extend to cover self-employed people and so NEST have joined forces with the Department of Work and Pensions (DWP) to see if there are any avenues that self-employed people can follow to bolster their savings for retirement.

The results of the research are somewhat contradictory as approximately three quarters of those who are self-employed hold the belief that it is necessary to save for retirement yet only less than a quarter actively save into a pension fund. As expected, over half of respondents would find guidance around saving for their retirement beneficial and find the idea of a share of their income being automatically placed into savings on their behalf appealing.
The Minister for Pensions and Financial Inclusion, Guy Opperman commented, 'We want to boost the future prospects of millions of hard-working self-employed people.'

Back to ***Contents***

HMRC publish helpful information surrounding who pays the pensions annual allowance tax charge

22 October 2019

Pensions are currently a hot topic of conversation, particularly as the Queen cited the implementation of a new Pensions Bill in the speech she delivered last week. HMRC has published some interesting and useful advice surrounding where the liability lies for paying the tax charge where the pensions annual allowance is exceeded.

The annual allowance is currently capped at £40,000 per tax year. Any contributions that surpass this figure will receive no tax relief and will attract an annual allowance charge. The allowance is spread across all of an individual's pension pots and there isn't a £40,000 allocation for each separate pension pot a person holds. The annual allowance can fluctuate based on individual circumstances so it may be lower if someone is classed as a high earner or if they have a pension that they have previously accessed. Similarly, in circumstances where the allowance is exceeded there may be the opportunity to bring forward any unused allowance amounts from the previous three years.

HMRC specifies that the pensions allowance tax charge must be stated on a Self-Assessment tax return to be completed by the affected party. This is irrespective of who pays the charge.

In certain scenarios, the pension scheme may pay the tax charge on the individual's behalf. This can be requested by the person affected by the tax charge, and they can ask the pension scheme to pay some or even, all of the charge. This may be requested if:

- The pension savings within the scheme are higher than the annual allowance for that tax year
- The tax charge is more than £2,000 for that tax year
- The individual tells the pension scheme prior to the deadline of 31 July of the year after the following tax year

If the tax charge is below £2,000 and the pension scheme makes the decision that they will not pay the tax charge (which they are legally entitled to do), then the individual will be required to pay it. This is true even if the scheme initially agreed to paying the charge and then did not release payment. The individual would then be required to make the payment. Any late payments could potentially be subject to interest charges. Similarly, if the scheme makes a partial payment in relation to the tax charge, the individual will be responsible for settling the outstanding amount. Should the pension scheme make full or part payment in relation to the tax charge, the individual's benefits will need to be reduced accordingly. It is the individual's responsibility to check that this has been actioned or they will be liable for an unauthorised payment charge.

The article also indicates what information is required from individuals who are asking for their pension scheme to pay the tax charge and provides detail around completing the Self-Assessment tax return.

Back to ***Contents***

DWP consultation concerning the General Levy on Occupational and Personal Pension Schemes

22 October 2019

The Department for Work and Pensions (DWP) has advised that it is conducting a consultation into the proposed increase to the General Levy imposed on Occupational and Personal Pension Schemes and is seeking the input of

affected parties and members of the public. Emphasis is placed on obtaining the views of occupational pension scheme trustees, personal pension providers and sponsoring employers of pension schemes.

The consultation, which will run until 15 November 2019, addresses intentions to increase the levy rates from the turn of the new tax year, April 2020, in order to recover funding that is provided, by DWP, for activities of three of the main pension bodies. They are The Pensions Regulator (TPR), The Pensions Ombudsman (TPO) and the Money and Pensions Service (MaPS).

The proposals for the increase have been introduced as a response to recent revenue and expenditure activity of the levy. In 2013, the levy was in surplus of £24 million, which dropped significantly to two million by 2018, followed by a deficit of £16 million in 2019. It is predicted that this deficit will continue to grow, hence the proposal to introduce higher levy rates to attempt to combat this. The last time the levy rates increased was back in 2008 – 2009, and they were then decreased by 13% in 2012-2013. A new lower rate was implemented in 2017-2018 for schemes with 500,000 members and upwards.

The DWP asserts that the levy has not been updated in line with inflation, nor has it reflected the drastic changes to the pensions landscape that have occurred since 2017. Huge government initiatives have been introduced to attempt to encourage workers to invest into their pension schemes and also to persuade them to contribute at a higher rate. There are intentions to increase activity within TPR, TPO and MaPS but this obviously requires further investment, which cannot be achieved from a fund which is already in arrears. The DWP is quick to point out that these enhanced activities will only be beneficial and will positively support government objectives, pension schemes and savers.

The consultation piece offers four options to tackle this issue. They are as follows:

- Holding increase of ten percent of 2019 to 2020 rates on 1 April 2020, further increases from April 2021 informed by a wider review of the levy
- Phased increase in the levy over the three years commencing 1 April 2020
- Phased increase in the levy over approximately ten years commencing 1 April 2020
- Phased increase in levy over approximately ten years commencing 1 April 2021

As the levy amount is dictated by the number of total members within the scheme, there are incremental decreases to the sum paid on each member, so the larger the scheme, the lower the amount paid per member is. In addition to the four options stated, the DWP also proposes that occupational schemes with two to 11 members, who currently pay £29 per year, will pay £75 per year per scheme. Personal schemes with the same membership figures will see an increase from £12 per year to £30 per year per scheme.

If you would like to input into this consultation please email generallevy.consultation@dwp.gov.uk.

Back to ***Contents***

Pension expert advises that the State Pension age must increase

24 October 2019

In an opinion that will no doubt be met unfavourably by the majority of people, a pensions industry expert has admonished that the state pension age must increase as a result of the aging population of the UK and ever-increasing life expectancy.

Stuart Price is the Partner and Actuary at Quantum Advisory, a specialist pensions company. He says that his concerns are based on the fact that the State Pension is largely funded by current National Insurance contributions, yet the Office for National Statistics (ONS) confirmed that in less than 30 years, nearly a quarter of UK citizens will be aged 65+. The system works for the moment but costs the government approximately £100 billion a year which is taken from the National Insurance Fund (NIF).

He also raised concerns about the 'triple-lock', which maintains that the state pension will increase by the greatest of three figures - inflation, average earnings or 2.5% in the year. This worked initially when it was introduced as it was designed to mitigate pensioner poverty but with the State Pension poised to increase by 3.9%, it could be argued that the 'triple-lock' could cause huge deficits in funding the scheme.

Speaking to Wales247, Price offers three solutions to the issue of increasing State Pension rates, “the amount of state pension will have to reduce; there needs to be an increase in taxes or NI contributions to provide additional funds to pay the state pension; and the age at which you can collect your state pension needs to increase beyond the planned 68.”

Back to ***Contents***

Surgeons advised to cut overtime due to potential effect on pensions

30 October 2019

The Financial Adviser has published an article relating to the advice provided to consultant surgeons to reduce the amount of overtime they work due to the potential detrimental affect it could have on their pensions.

61% of those who responded to a survey which collated information from 1,890 members of the Royal College of Surgeons of England confirmed that they had received advice that recommended that they do not work overtime or help with any plans to lower waiting list times. This was due to the impact that it could have on their pension pots because of the introduction of the tapered annual allowance back in 2016. The taper dictates that, for every £2 of adjusted income exceeding £150,000, £1 of annual allowance is lost. The results of the survey have raised concerns as the current NHS waiting list stands at 4.41 million, which is the largest it has ever been. The advice being given by legal and financial advisors can only serve to inflate those figures.

68% of the participants admitted to considering taking early retirement due to the implications surrounding the pension taxation rules. A consultation into new pension rules, intended to apply from April 2020, has been published by HMRC and is open until 1 November 2019. The new proposals mean that affected individuals could set their own accrual percentage rates, in increments of ten percent, meaning that they would have more flexibility to work more hours or treat more patients without exceeding their annual allowance and potentially facing tax charges.

Back to ***Contents***

Calls for government to top up pension pots of women who care for children or the elderly

31 October 2019

The Social Market Foundation (SMF) has published a press release that shows that a think-tank has pledged support for the idea of the government investing public money into the personal pensions of women who take a period of leave from work, either to focus on childcare or to provide support for the elderly.

The results stem from the notion that women are much more likely to take time off work to tend to others than a man would be. This leads to lower earnings, which has a direct impact on pension savings. Combine this with the fact that the life expectancy gap is widening between men and women, with the latter typically living for longer and it results in women receiving lower pensions than men. This is commonly referred to as the ‘gender pensions gap’.

One recommendation for reducing this gap is for the government to add funds to the pensions of women who take time off work to care for children or the elderly. The Chief Economist at the SMF, Kathryn Petrie commented, “For all the strides we’ve made towards equality, social attitudes that push women to give up work to care for children and parents remain strong. As well as trying to give women and men more flexibility and choices, government policies should do more to help women with the financial implications of taking time out of work.”

Back to ***Contents***

Guidance on moving pension holders between payrolls issued by HMRC

4 November 2019

HMRC has advised, within Pension schemes newsletter 114, that it will publish finalised guidance surrounding moving pension recipients from one payroll to another, and have provided some draft advice to follow in the interim.

In the alert, HMRC has stated that the instructions already provided are subject to change, but those changes will be minor in nature, so the provided guidelines are a good indicator of how to proceed.

Payroll administrators will need to set up a new PAYE reference and:

- Transfer the payroll records to the new employer reference
- Send a Full Payment Submission (FPS) under the old employer reference with leaving details, including the year to date pay and tax figures. P45s should not be prepared
- Send an FPS under the new employer reference restarting the year to date figures from zero, put the full starting details for each recipient on the FPS for the new reference and include the:
    - start date for the new payroll
    - annual amount of their pension
    - occupational pension indicator
    - leave the occupational pension bereavement field on the FPS blank, unless paying the pension to a dependent who's been bereaved since the pension recipient joined the new payroll
- work out and deduct PAYE tax from any payments made to the transferred pension recipients from the date they moved payrolls
- If operating a cumulative tax code, use the pay and tax details from the old employer reference

Further advice states that a final FPS needs to be submitted from the old reference prior to submitting the first FPS for the new reference. There is help available from HMRC's Employer Helpline should this be an issue.

The Employer Helpline should be contacted a minimum of two months before the scheduled transfer date when moving members in receipt of pension payments from one payroll to another under a new PAYE reference, if they:

- Receive more than one pension under the existing PAYE scheme which are paid under separate payroll IDs and this arrangement continues under the new PAYE scheme
- Have multiple pensions paid under one payroll ID at the old reference but will be paid under separate payroll IDs at the new reference
- Have a suffix code T (e.g. 0T & NT)
- Are paid in advance and the month 12 FPS shows an end date which falls in the following tax year, e.g. a pay date of 01/04 and an end date of 30/04

HMRC will contact affected employers within 15 working days to ask for further information to review whether revised tax codes need to be issued after the transfer has been completed.

Back to ***Contents***

Recognised overseas pension schemes notification list

4 November 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 11 scheme names added to the list and one name amended.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia
Fab superannuation fund
Whisperer

Belgium
Caisse de prevoyance des avocats, des huisiers de justice et autres independants OFP

Gibraltar
Abacus Retirement Annuity Trust Scheme
Andromeda Retirement Annuity Trust Scheme
Cornhill Retirement Annuity Trust Scheme
Cygnet Retirement Annuity Trust Scheme
Fortress Retirement Annuity Trust Scheme
Metro Retirement Annuity Trust Scheme
Resot Group Plc Retirement Annuity Trust Scheme

Guernsey
Asterix Retirement Annuity Trust

Schemes Amended

Australia

Soaring Tall Superannuation Fund (previously shown as Soaring Tail Superannuation Fund)

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Pension schemes newsletter 114 – October 2019

5 November 2019

The latest pension schemes newsletter has been published by HMRC's Pension Scheme Services to provide updates to stakeholders.

Within this edition there is a reminder to any scheme administrators who are yet to submit their annual returns for 2018-2019 to ensure that they use the correct forms, and the relevant links are provided. The reminder was prompted by the increase in the number of annual returns failing upon submission as a result of incorrect templates being used. The documents held on GOV.UK are the latest versions so they should be utilised instead of any templates saved from previous years as changes have probably been made.

The newsletter provides articles on the following topics:

- Registration statistics
- Pension flexibility statistics
- Pension scheme administration – moving pension recipients from one payroll to another
- Relief at source
- Guaranteed Minimum Pension (GMP) equalisation
- Annual allowance – GOV.UK guidance on 'scheme pays'

Back to ***Contents***

The Pensions Regulator releases findings from its latest ScamSmart campaign

11 November 2019

The Pensions Regulator (TPR) has published worrying findings that relate to the devastating effects of pension fraud and how susceptible so many pension savers are to scams.

Beginning with the tag line '22 years of pension savings gone in 24 hours'; the press release details the extent of the issue, and reveals that nearly two thirds of people (63%) would trust someone offering pensions advice unexpectedly, which is one of the key indicators of a pension scam. The research also indicates that more highly educated individuals are more inclined to fall victim to pension fraud, with 40% of respondents with a degree more likely to welcome pension advice from companies they have had no previous dealings with.

The use of the statement '22 years of pension savings gone in 24 hours' originates from the fact that £82,000 was the average amount that people lost to pension scammers in 2018 and that it would take approximately 22 years for the average worker to save that amount into a pension scheme. The analysis also highlighted that 24% of those surveyed confessed to taking 24 hours or less to decide on a pension offer, which is no time at all to decide on something so monumental, which could have life changing repercussions.

TPR recognises how pension scams can leave hard working individuals who have saved up tirelessly for their retirements in awful predicaments and facing the prospect of spending their later years with limited financial resource. It was with this notion in mind that TPR's release was issued - in order to raise awareness of the problem and to alert people to the tell-tale signs of pension scams. They also offer four helpful steps that individuals should take in order to keep themselves protected:

- Reject unexpected pension offers whether made online, on social media or over the phone
- Check who you're dealing with before changing your pension arrangements – check the FCA Register or call the FCA helpline on 0800 111 6768 to see if the firm you are dealing with is authorised by the FCA
- Don't be rushed or pressured into making any decision about your pension
- Consider getting impartial information and advice

It would be appropriate to end with the adage that if something sounds too good to be true, it probably is.

Back to ***Contents***

PLSA pension proposals for next government

11 November 2019

The Pensions and Lifetime Savings Association (PLSA) has provided four crucial steps that it states would build the strength of workplace pensions in the UK.

The Pensions Manifesto published online emphasizes how important it is for individuals to save for their futures so that they can settle comfortably into retirement. The document acknowledges that more workers are investing into pensions than ever before and that there is more flexibility for people in terms of how they choose to use their savings. But it also warns that there are further improvements that must be made by the next government to prepare for the uncertainties that the future may bring.

Four main recommendations have been made:

- The first point concerns adequate contributions and states that the current rate of eight percent is not enough to ensure a good quality of life for workers when they retire. The suggestion is that this rate is uplifted to 12%, - six percent contributed by employee and the additional 6% by employer. The recommendation is that this should be in place by 2030. Further suggestions are that the Lower Earnings Limit (LEL) for auto-enrolment should be removed and any funding relating to tackling social care should not be supplied by pension funds.
- The second point discusses effective engagement. This means ensuring that savers have access to all figures from multiple pension pots in one consolidated area, alongside state pension figures on pension

dashboards. The dashboards should be non-commercial and protect sensitive consumer data. The PLSA's Retirement Living Standards should be included to give savers an insight into the lifestyles they can expect to afford in retirement.

- Point number three addresses the requirement for pension schemes to be managed properly. This involves ensuring that they are run effectively and to provide The Pensions Regulator (TPR) with greater powers to intercept and impose fines on any reckless behaviour that risks money invested by savers.
- The fourth and final point relates to pensions and scale. Private sector defined benefit schemes are currently in deficit, despite receiving £400 billion in contributions over a ten-year period. The creation of Superfunds would help to protect member benefits.

Back to ***Contents***

Former Pensions Minister urges new government to change the way pensions are accessed

12 November 2019

Baroness Ros Altmann, former Pensions Minister has advised that the new government, which will be established after the general election, need to make serious changes to current legislation surrounding how the state pension is accessed.

Baroness Altmann states that individuals who are in ill-health should be allowed to receive their state pension early as consideration needs to be placed on life expectancy and health in certain scenarios, and not just based on general society. Unfortunately, there will be people who will not live until state pension age and this needs to be factored into the content of upcoming pension manifestos.

In certain private pensions, there is the option to start making withdrawals from schemes early but there is currently no reflection of this on the state pension, even though life expectancy varies considerably across the country. It is a sad fact that, at present, the state pension age will continue to increase with no consideration for individual circumstances. Baroness Altmann also explores the issue of helping the most vulnerable pensioners by ensuring that pension credits are increased in line with uplifts to the state pension. The state pension is currently protected by the triple lock, which means that it increases by the highest of 2.5%, price inflation or earnings growth. Pension Credit, the old graduated state pension, State Earnings Related Pension (SERPS) and second state pension are only protected by CPI price inflation. Baroness Altmann thinks the triple lock should be extended to cover these other pensions to ensure consistency and to make things fair.

The article was published in the Financial Advisor and also discusses how women in the 1950s were not 'adequately informed' of the amendments that were going to affect state pension age. Backto60, a campaign group for the matter, lost a landmark case against the government last month in which compensation was refused. Baroness Altman believes that the affected women should receive help from the National Insurance (NI) fund to "offset some of the hardship caused."

Back to ***Contents***

Survey reveals that pension tax is too complex for three-quarters of firms

12 November 2019

The Association of Consulting Actuaries (ACA) has conducted a survey which has highlighted that most employers find the matter of pension tax highly confusing and have urged that it should be simplified. Current convoluted laws are discouraging both employees and their employers from contributing for retirement.

Any amendments to the standing pension tax structure should focus on assisting lower income groups, with two-thirds of respondents stating that this is necessary, even if it has a detrimental effect on other groups. The idea of eradicating the Tapered Annual Allowance was favoured by 69% and this was regardless of whether this meant a reduction to the general annual allowance or not.

The survey included 308 businesses of differing sizes and 44% of them reported that the current restrictions had resulted in employees exiting company pension schemes, which is a substantial increase from the 30% recorded last year.

Many companies admit that they have gone to external professional bodies for advice to assist in understanding the current complex tax rules. Similarly, employees may also have to employ specialists to assist with their tax returns, which obviously all comes at a cost, meaning that companies and individuals have less to invest into retirement schemes for the future.

Accountancy Age reports that the ACA's chair, Jenny Condron stated "The present complexity results in some individuals being put off saving for retirement. Further, many key decision makers within businesses have opted out of involvement in their company pensions due to their individual pension tax positions."

Back to ***Contents***

Former charity head pleads guilty to count of defrauding disability charity pension scheme

13 November 2019

The former head of disability charity, Yateley Industries for the Disabled, has pleaded guilty to the count of fraud and confessed to taking more than £250,000 from the charity's pension scheme.

The Pensions Regulator (TPR) reported how Patrick McLarry, 71, transferred £256,127 out of the scheme into bank accounts between 2012-2013 to purchase homes in France and Hampshire for himself and his wife. He also used funds to pay off a historic personal debt. TPR will move to ensure that he returns all of the money he took so that it can be placed back into the scheme.

During the period that the fraud was committed, McLarry was the chief executive and chairman of the charity and also a director of VerdePlanet Limited, which is a corporate trustee of the pension scheme. Investigations by TPR discovered that the scheme's definitive deed was altered meaning that McLarry could not be pursued for the funds that he eventually took. He attempted to hide his offence by falsifying documents, withholding evidence and by lying to investigators. He was convicted for failure to hand over statements at trial in 2017 and when they were finally provided, it became apparent that he had used scheme funds to purchase the property he owned in France.

The case took place at Salisbury Crown Court and Judge Andrew Barnett confirmed "it is a serious matter and the only outcome is a substantial prison sentence." Fraud by abuse of position carries a maximum sentence of ten years' imprisonment. McLarry will be sentenced on December 13 2019.

Back to ***Contents***

Research reveals that over half of young workers do not know if they have a pension or not

14 November 2019

Worrying new research figures highlight that 54% of workers under the age of 25 are unsure if they have a workplace pension. In addition to this, 65% of the same demographic did not know who their pension provider was.

Pensions Age reports that the survey, run by Zippen, a pensions consolidation company, consisted of 2,000 respondents, male and female, between the ages of 22 and 32. Zippen's CEO, Ellie Tembras commented "We find it shocking that some 65 percent of young workers cannot name any or can only name one of their pension providers, but even those older than 25 appear to be similarly uncertain."

In addition to these figures, the findings also demonstrate that 56 percent of respondents under 25 did not realise that their pensions did not automatically transfer to new jobs if they moved from one company to another and 45 percent were unsure about how many pensions they had.

CIPP comment

The findings of the survey show that there needs to be clearer communication surrounding pensions and more education on the topic within businesses to ensure that people understand if, and how, they are saving for retirement. This isn't only applicable to young workers but to the whole of society.

Back to ***Contents***

Pensions Ombudsman to revisit pension case on High Court's instruction

15 November 2019

The High Court has instructed the Pensions Ombudsman to reconsider its decision from July 2018 in relation to Gail Downe, in which it stated that she was not entitled to full pension payments.

Ms. Downe was employed by the Society of College, National and University Libraries and was a member of the Universities Superannuation Scheme (USS) until November 2012. At that point, her employment was terminated, and terms documented in a compromise agreement.

USS rules state that in cases of redundancy, members may be able to receive their full pension if they meet certain criteria. In its original decision, the ombudsman asserted that Ms. Downe was not made redundant as she had voluntarily contacted her employer to set up a compromise agreement and was therefore not entitled to full pension payments under the rules. Ms. Downe appealed this decision, and on September 13, High Court judge Adam Johnson advised that the ombudsman should reconsider the case as they had taken too narrow an interpretation on the issue of redundancy.

Ms. Downe tried to apply for a full pension back in January 2013 and requested that the society confirm that the reason for the compromise agreement was redundancy, but her lawyer received a response from a HR representative disputing this. The representative explained "I am sorry, but I cannot confirm that the reason for [Ms Downe's] compromise agreement was redundancy. She was not made redundant. You set out a suggested framework for a package which included a sum that you called a redundancy payment and we were happy to progress our discussion with you using that sort of short hand for payments but that does not mean that [Ms Downe] was redundant."

The Financial Adviser reports that Ms. Downe advised the High Court that, due to a strained working relationship with her manager and a reorganisation of the team, her lawyer had contacted HR to discuss a possible severance agreement. Once this had been settled, a payment was made to Ms. Downe, some of which was listed as "enhanced redundancy pay". She also argued that the restructuring of the team had all the characteristics of redundancy and that the word redundancy had been used verbatim in negotiations and in the compromise agreement document.
The society's stance was that employment was terminated on grounds of mutual consent and that the compromise agreement did not explicitly disclose a reason for the termination.

Judge Johnson instructed that the case be revisited and stated "My conclusion is that the ombudsman's analysis had a misplaced emphasis on the question whether the termination of Ms Downe's employment arose at the instance of Society of College, National and University Libraries, and that in consequence the ombudsman did not properly or sufficiently address the test for redundancy in USS rule 1.1. For all the reasons given above, I would allow Ms Downe's appeal to the extent I have identified and remit her complaint to the ombudsman."

Back to ***Contents***

SKL Recruitment charged for false claims relating to auto-enrolment

18 November 2019

As reported in News On Line back in August 2019, SKL Recruitment were due to be prosecuted by The Pensions Regulator (TPR) for actively avoiding enrolling their staff into a workplace pension and paying contributions into a scheme.

The recruitment agency has pleaded guilty to making false claims regarding the auto-enrolment of 22 employees into a workplace pension scheme. The company appeared at Brighton Magistrates' Court on 13 November 2019 where the plea was made and will be sentenced on 17 December 2019.

The company's managing director, Linus Kadzere pleaded guilty to three charges of wilfully failing to comply with employee automatic-enrolment duties under sections 45 and 46 of the Pensions Act 2008, and knowingly or recklessly providing false information to TPR under section 80 of the Pensions Act 2004.

Whistleblowing reports were made by staff which led to TPR's discovery that the company was not complying with its auto-enrolment obligations. TPR conducted an investigation which, along with statements from the company's employees, proved that although the pension scheme had been set up, no employees has been enrolled and deductions that were being taken from staff pay were not being transferred across to that scheme.

TPR issued a press release, in which the Director of Automatic Enrolment, Darren Ryder said ""Staff who are eligible for automatic enrolment trust their employer to do the right thing so they are given the opportunity to save. TPR will not stand by if an employer does not meet their responsibilities and we will take action to make sure workers get the pensions they are entitled to.While the majority of employers do the right thing, Mr Kadzere misled TPR to cover up that he was deliberately denying his staff the pensions they are due. That is a serious offence which we will not tolerate."

CIPP comment

Employers need to ensure that they are complying with the legislation surrounding auto-enrolment. Sanctions for non-compliance can range from unlimited fines to prison time so it is essential to get it right. The CIPP offers a classroom learning based course – 'Automatic enrolment and pensions for payroll' which provides knowledge and skills relating to this area. The next course is due to run on 29 November 2019 in Bristol.

Back to ***Contents***

Recognised overseas pension schemes notification list

20 November 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list. 11 schemes have been added whilst one has been removed. Please see below as follows:

Schemes added

Australia

Bargmann Family Super Fund
Hewlett Family Super Fund
Jambo Super Fund
James & Lavinia Russell Superannuation Fund
Let it Be Superannuation Fund
MULLOSULL Superannuation Fund
NC Ryan Superannuation Fund
NM & LM Superannuation Fund

Guernsey

Horizon Guernsey QROPS Pension Plan

Isle of Man

Ronaldsway Aircraft (1979) Pension and Life Assurance Scheme

New Zealand

SMS 15 Fund

Schemes deleted

Isle of Man

Carpenter Personal Pension Scheme

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Men over 50 more likely to have a private pension than women within the same age range

21 November 2019

According to a study conducted by Sunlife and published in the Financial Adviser, over a third of women aged 50+ have no private pension pot, as opposed to a fifth of men with no private pension provision.

The figures revealed lend themselves to the notion that there is a gender pension pay gap, which has been a topic that has fuelled much discussion of late.

The findings demonstrate how women over the age of 50 do not have much confidence that they will enjoy a comfortable retirement – a tiny 13% believe that they will have sufficient funds to support them during that stage of their life. 36% explicitly stated that they do not have enough saved. 35% of the women surveyed confirmed they had no private pension, which was nearly double the rate of men, where only 20% of respondents stated the same. 27% of individuals over the age of 50 were hopeful that their significant others' pension would help them through retirement which increased to 30% amongst women. 12% planned to continue to work into their retirement in order to support themselves financially, whilst 11% were reliant on receiving an inheritance.

SunLife, when passing comment on the findings, discussed the idea that over 50s could use the value of their houses to boost their pensions as they have seen the value of their homes rocket in the last 25 years.

Back to ***Contents***

Children's nursery fined £8,200 for non-compliance with automatic-enrolment legislation

22 November 2019

When sentenced at Brighton Magistrates' Court on 20 November 2019, the Tiny Hearts Day Nursery was ordered to pay £8,200 for non-compliance in relation to their automatic-enrolment duties.

As previously reported in the CIPP's News Online, the pre-school nursery and its main director, Christine Moore, failed to enrol 13 staff into a pension scheme but Moore made a false declaration to the regulator claiming that they had. In actuality, a pension scheme had been set up but no staff had actually been placed into it, which was discovered after an alert from a whistle-blower and an investigation by TPR.

The Pensions Regulator (TPR) has confirmed that Judge Szagun delivered the charge, and that Mersey-side based Sulouste Ltd, who trade as the Tiny Hearts Day Nursery, was fined £4,915 for the failure, plus a victim's surcharge of £170 and prosecution costs of £2,200. Miss Moore was ordered to pay £833 with an additional £83 victim's surcharge. TPR's Director of Automatic Enrolment, Darren Ryder commented

"This outcome is another clear warning to employers that they must comply with their automatic enrolment duties and ensure staff receive the pension they are entitled to.

While the vast majority of employers do the right thing, we will take action against the small number that flout the law and risk the retirements of savers."

The result demonstrates that non-compliance with auto-enrolment legislation will result in strict punishment and have severe consequences for businesses who do not act in accordance with the law.

Back to ***Contents***

Pension Schemes Newsletter 115 – November 2019

27 November 2019

The latest pension schemes newsletter has been published by HMRC's Pension Scheme Services to provide updates to stakeholders.

The newsletter includes an important reminder that scheme administrators operating a relief at source pension scheme who did not meet the deadline of 30 September 2019 to complete their annual return information for 2018-2019 in order to receive notification of a residency status report in January 2020 will not receive that report at the start of next year. Despite this, they should still submit their 2018-2019 return as soon as possible to ensure that subsequent interim repayments are not stopped.

The contents of the 115th edition include:

- Lifetime allowance and the 2019 to 2020 event report
- Managing Pension Schemes service – giving access to Government Gateway administrators and assistants
- Managing Pension Schemes service – pension practitioner IDs
- Relief at Source – notification of residency status report for 2020 to 2021
- Annual allowance – members declaring their annual allowance charge on their Self-Assessment tax return.

Pension schemes newsletter 115 – November 2019

Back to ***Contents***

Ombudsman confirms DWP "not open and accountable" about GMP

27 November 2019

The Parliamentary and Health Services Ombudsman has confirmed that the Department of Work and Pensions (DWP) failed to correctly advise individuals with Guaranteed Minimum Pensions (GMP) who would stop receiving inflation top ups after the new state pension was implemented in 2016.

The DWP should have explained that the end of contracting out would be disadvantageous to the increases that savers with GMP would receive but were found to be "not open and accountable" on the topic.

The Times reported that the ombudsman had stated,

"The DWP failed to fully acknowledge and explain negative impacts of pension reforms to those with large periods of contracting out, due to reach state pension age shortly after April 2016."

The ombudsman launched an investigation into the issue following a complaint but those who have suffered financially due to the change have currently got no entitlement to compensation. The DWP will now have three months to respond to the Ombudsman in relation to the action that it will take to ensure that affected parties receive correct communications on the issue of their state pensions.

Contracting out allowed defined benefit schemes to opt out of the state earnings-related pension scheme (SERPS) to ensure that workers were not receiving triple pension benefits combining a basic state pension, SERPS and an earnings-related occupational pension. The decision to contract out meant that both employee and employer could pay a reduced rate of national insurance, on either code D or N on payroll, but that the worker did not build up rights under SERPS if their scheme offered a GMP. From 1978-1997, GMP did not have to be increased along with inflation but from 1988 – 1997 this changed and was introduced with a maximum cap of three percent per year.

With the arrival of the new state pension in 2016, contracting out and SERPS were abandoned, along with inflation increases for private sector schemes. Inflation increases continued for public sector staff.

Experts have commented that it would be nigh-on impossible to determine who has been affected by this complex situation, but the Ombudsman have addressed that DWP failed to correctly advise members and will await the response relating to how they will rectify this.

Back to ***Contents***

Individuals failing to report correct pension information on tax returns could receive large tax bills

28 November 2019

In the Pensions schemes newsletter 115 – November 2019, HMRC issued a reminder for scheme members to disclose details of their annual allowance charge on their Self-Assessment returns or face receiving substantial tax bills.

HMRC is aware that there are a large number of individuals who have not reported the fact that they have breached the annual allowance for pension contributions, which currently stands at £40,000. The newsletter prompted scheme administrators to remind any affected members of the requirement to declare the fact that they had exceeded the annual allowance on their Self-Assessment tax returns.

Pension schemes only inform members where they have exceeded the £40,000 annual allowance but would probably not advise in circumstances where the 'tapered annual allowance' applies. The range for annual allowance limits for individuals affected by the tapered annual allowance could range from anything between £10,000 and £40,000. The issue is that the scheme may not be aware of the fact that a member is impacted by the tapered annual allowance and so would not know to advise them that their allowance had been breached if, for example, this allowance only amounted to £20,000 per year. The member may also be unaware of the rules surrounding the tapered annual allowance and could potentially include incorrect information on their Self-Assessment return. This could result in a large tax bill for the individual.

The tapered annual allowance means that for every two pounds of adjusted income over £150,000, an individual's annual allowance can be reduced by one pound. This could result in an allowance of £10,000 for individuals with an adjusted income of £210,000 or above.

Steve Webb, policy director at Royal London, the life insurance and pensions company, commented

"This admission means that potentially thousands of people may have failed to declare large pension inputs on their tax return and could face a large bill when HMRC finally catches up with them.

The shocking saga around the annual allowance for pension tax relief gets worse. We now have HMRC admitting that they know that people are forgetting to put information about their pension tax bills on their annual return."

Back to ***Contents***

The Pensions Regulator's director of Auto-Enrolment due to step down in 2020

29 November 2019

Darren Ryder, the director of Auto-Enrolment (AE) at The Pensions Regulator (TPR) will leave the business in 2020. No specific date has been provided at this stage.

In a press release on 27 November, the Regulator confirmed that Mr. Ryder would be stepping down after initially joining the company on a six-month secondment, which resulted in a much longer period of employment totalling eight years. Mr. Ryder worked as the Head of Compliance and Enforcement before adopting the role of Director of the AE programme in 2017.

Mr. Ryder successfully implemented the Kiwi-Saver in New Zealand and joined TPR shortly after. He is leaving the company to focus on assisting other countries intending to roll out auto enrolment programmes.

The Chief Executive of TPR, Charles Counsell commented:

""Darren has made a huge contribution to the successful delivery of automatic enrolment in the UK, with more than 10 million people now saving into a pension.

Darren only planned to be with us for six months, and he stayed for eight years, supporting me and the wider TPR team through the design, build and delivery of automatic enrolment. I am hugely grateful to him for the difference he has made, and I wish him every success in the future."

Darren Ryder said:

"I have thoroughly enjoyed my time at TPR and am immensely proud of the work the team has achieved together. I know that I am leaving committed, talented people who will continue to build on the success of AE, ensuring that millions more people can save with confidence for their retirement."

Back to ***Contents***

Pensions net pay anomaly: an introduction

2 December 2019

Along with other stakeholders and those with a vested interest in ensuring consistency and fairness across the provision of pensions, the CIPP has been working to address a pensions net pay anomaly, which can affect low earners in one way but also affects those with earnings in the higher tax brackets in a different way.

Employers operate one of two pension scheme types in relation to auto-enrolment. One of those schemes is the net pay arrangement pension. This involves deducting an employee's pension contribution from their gross pay, prior to tax deductions - the theory behind this being that it reduces the amount of tax an individual pays. The other is the relief at source arrangement. In a scheme of this nature, pension deductions are taken from the employee's net pay - after tax deductions - which forms 80% of the contribution. The remaining 20% is claimed back as tax relief from HMRC and

added to the individual's pension pot. The rationale is that both types of arrangement offer tax relief for employees on their pension contributions but unfortunately this is not the case for every single pension contributor.

When an employer chooses a pension provider, the pension scheme they choose may work well for some of its employees but not for others.

The auto-enrolment threshold is for earnings above £10,00 but the current basic tax threshold is £12,500. Anybody earning between £10,000 and £12,500 and in a net pay arrangement pension scheme will have a full pension deduction taken from their pay but will not receive any tax benefit on this as they have not earned enough to attract tax on their earnings. If they were in a relief at source arrangement, they would only have 80% of the contribution taken from their net pay which would then be topped up with 20% from HMRC and they would therefore enjoy the tax relief benefit. It becomes apparent that something as simple in the way in which relief is provided can have a massive impact on the pension savings of employees up and down the country.

Employees who do not earn £10,000 or above to meet the threshold for auto-enrolment but ask to be added into a pension will also be affected. This is also true for individuals who don't hit the threshold, but in some pay periods experience a pay spike, e.g. they receive a bonus. If this pay spike pushes them into the £10,000 earnings bracket for that pay period and there are any spikes in subsequent pay periods, then contributions will be taken in line with auto-enrolment legislation but, again, there will be no tax benefit to the employee if they have not have earned enough for tax deductions to be taken.

Conversely, in a relief at source arrangement, employees who are earning within the higher and additional tax brackets only receive a 20% top up to their pension pots from HMRC through payroll, as opposed to the 40% and 45% they are entitled to. In order to receive the extra relief due to them, these individuals need to complete a self-assessment tax return. Many of those affected by this may not be aware of the processes they need to follow to receive the relief or may not be aware of the additional entitlement at all.

Geographical extent

CIPP comment

The CIPP is a member of a group campaigning to ensure that there is a level playing field for all pension contributors, and strongly believes that the government should address these issues.

The CIPP is working to create case studies of individuals who have been affected by these anomalies and would now like to hear from any member who has experience of low paid workers being automatically enrolled into a pension scheme because of a spike in pay. Please email policy@cipp.org.uk if you are able to help with this scenario.

Back to ***Contents***

Recognised overseas pension schemes notification list

3 December 2019

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 13 scheme names added to the list, and one removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia

Alan McGarragh Superannuation Fund
Barr Superannuation Fund
Carruthers First Super Fund
Chris Lindos Superannuation Fund
M-B Family SMSF
Stupples QROPS Superannuation Fund
Williamson Superannuation Fund

Guernsey

Schroders (C.I.) Limited Retirement Savings Scheme
Schroders Guernsey Retirement Annuity Trust Scheme

Jersey

Caring Homes Healthcare Group Limited Employee Pension Scheme

Netherlands

DERO Security Products B.V. by Brand New Day
Land Life Company B.V. by Brand New Day
Stichting Pensioenfonds Hewlett-Packard Nederland

Schemes removed

Ireland

Timothy Kinsella Personal Retirement Bond

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Temporary pension arrangement for NHS staff

6 December 2019

In recognition of the current tax issues surrounding the NHS pension scheme for individuals who work within frontline clinical roles in England, a temporary fix is being implemented to cover the year 2019-2020.

The government has confirmed that the NHS is authorised to pay any NHS pensions tax charges incurred by senior clinicians during tax year 2019-2020. The intention is to avoid further pressures on the NHS during the winter period, which is notoriously busy, by allowing senior clinicians to work extra hours without being penalised and seeing any detrimental effect to their pension.

Reports from the Financial Adviser confirmed that the number of members opting out of the NHS pension scheme were five times higher than the number of opts outs observed in any other public pension fund and this was directly linked to the taper that is imposed on the annual allowance.

The tapered annual allowance decreases the pension allowance for high earners – for every £2 of adjusted income above £150,000, £1 of annual allowance is sacrificed. It was implemented back in 2016 and has meant that certain individuals have had to pay annual tax charges and lifetime allowance tax charges on their benefits. The Treasury is set to review the tapered annual allowance as doctors have vehemently opposed it since its introduction.

In letters between Matt Hancock, the Health and Social Care Secretary and Simon Stevens, Chief Executive of NHS England, Mr. Hancock acknowledges the issue and confirms that it is too urgent to delay until after the general election and authorises a temporary measure to fix the problem for 2019-2020, but for that year only. Mr. Stevens had initially enquired whether certain payments could be made to senior clinicians outside of the pension scheme which was accepted, meaning that there would be no detrimental effect to their pensions.

There was discussion of the fix being extended to include GPs and dentists, but nothing further had been confirmed at the point of publication.

Back to ***Contents***

The Pensions Regulator only recovers 30% of penalties

9 December 2019

Although enforcement activity from The Pensions Regulator (TPR) has reached record highs, it has been revealed that only £18.4 million of £62.1 million that was classified as debt had been recovered at the end of March 2019. This means that only approximately 30% of penalties had been recovered by TPR.

Data has revealed that there were 128,807 enforcement actions taken by the regulator up until the end of March 2019 which was a 26 percent increase on the previous year's amount, which saw 102,497 enforcement actions. The increase in actions is believed to have been prompted by a surge in the amount of whistleblowing reports that were sent to the watchdog over that period.

The enforcement actions that TPR can take include compliance notices, unpaid contribution notices, fixed penalty notices and escalating penalty notices. The most frequently used is the compliance notice, which is an order to comply with legislation, but there was a decrease in this method of four percent in 2018/19 when compared to the previous year. Unpaid contribution notices increased at the fastest rate and were used four times the amount in 2017/18 but overall compliance notices remained the most commonly used action. Failure to comply with the notice often results in a daily fine for the non-compliant party.

The head of pensions at Clyde & Co, Terry Saeedi, commented:

"With all political parties pledging funding boosts on the campaign trail, it is clear that better recovery could enable them to keep some of their promises.

Whatever the colour of the new government, it is likely to grant strengthened powers to the regulator to take action against irresponsible employers.

As the value of fines continues to increase, we can expect the regulator to look at ways to improve the collection of outstanding debts if the recovery rate does not improve."

Back to ***Contents***

New trend sees grandparents accessing pension funds to help children and grandchildren buy homes

10 December 2019

Figures show that the amount of money people over the age of 75 have taken from their private pension funds increased by 56% last year to total just under the £248 million mark.

Experts speculate that the influx in withdrawals can be attributed to the need to access money to be used to assist children and grandchildren in the purchase of their first homes or to help them to buy larger properties. The experts state that this provides an insight into the current affordability of properties, which is causing families to access retirement funds to help with house deposits.

Over-75s took £56 million from private pension pots in the 2014-15 financial year which had rocketed to £247.5 million in the year to April 2019. The previous year (to April 2018) saw withdrawals tally £158.7 million so there was a substantial increase in the space of 12 months.

The Times reports that more than 27,200 homes were paid for with assistance from grandparents last year and the average amount parents and grandparents contributed rose by £6,000 to reach £24,100.

Securing enough money to pay a deposit appears to be the biggest hurdle for younger people wanting to purchase their first home as there is usually the requirement to pay a deposit of 10% or more. Mortgage rates are currently at near-record lows but based on the average house price of £215,734, a £21,500 deposit would be needed upfront, which many young people simply do not have access to without relying on their families.

Rent prices are currently very high meaning that tenants can't afford to save money towards a deposit for their first home. 46% of residents confirmed that their rent had increased this year as opposed to 26% last year. This is a significant increase and the practice seems to have become more prevalent since landlords and letting agents were banned from charging fees relating to services such as for property viewings and signing contracts.

Financial adviser, Salisbury House Wealth pointed out that it is unusual for somebody over the age of 75 to make a large pension withdrawal because by that point in their lives, most individuals would have arranged to purchase an annuity or would be drawing money from other investments. It is also highly likely that they would have settled any debts and paid for anything that would cost a substantial amount, e.g. a holiday or a car. This means that it is completely plausible that the withdrawals are being made in order to help their families and not to spend on themselves.

Back to ***Contents***

Recognised Overseas Pensions Schemes notification list

17 December 2918

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 12 scheme names added to the list, and four removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia

Karian Super Fund
Keith Neville Super Fund
Malks Superannuation Fund
Naik Family Superannuation Fund
Nicosia William Jones Superannuation Fund
Philip Goodyear Super Fund
Whittle Family Superannuation Fund

Guernsey

Dominic Wheatley Retirement Annuity Trust Scheme

Isle of Man

Cheesley Family SIPP

Jersey

A H Pension Scheme Limited

Netherlands

St. Anna Advies B.V. by Brand New Day
Wetransfer B.V. by Brand New Day

Schemes removed

Gibraltar

Hamburger Pensionskasse von 1905 VVaG
Berkeley Retirement Benefit Scheme
Evolve Retirement Benefit Scheme

Isle of Man

Lighten Point SIPP

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements

Back to *Contents*

Recruitment agency must pay £10,890 for false claims surrounding auto-enrolment

19 December 2019

SKL Professional Recruitment Agency Ltd and its managing director, Lee Kadzere have been sentenced for knowingly failing to comply with auto-enrolment legislation and not adhering to their workplace pension duties. This is a stark reminder to businesses and to payroll professionals alike that The Pensions Regulator (TPR) is taking non-compliance very seriously and that the associated penalties can be significant.

The TPR issued a press release to confirm the outcome of the case. Mr. Kadzere had falsely informed TPR that his company automatically enrolled 22 staff members, but obviously this was not the case. On 17 December 2019, at Brighton Magistarates' Court, Judge Szagun ordered Mr Kadzere to pay £1,300 plus a victim surcharge of £120 and SKL were fined £6,000 plus another victim surcharge of £120, in addition to prosecution costs of £3,350. The total equated to £10,890 – a figure that the company would not have been charged, should they have honoured their auto-enrolment duties correctly.

As reported in the CIPP's News Online back in August and November, TPR launched an investigation into the company following whistleblowing reports from staff. It became apparent that a pension scheme had been set up, but staff members had not been enrolled into that scheme and nor had the deductions taken from employee's pay each period been paid into the scheme.

District Judge, Teresa Szagun denounced Mr Kadzere as 'reckless' and stated:

"Failure to comply has a detrimental economic impact not only for the individuals concerned but for society as a whole."

SKL recruitment specialised in providing staff members to work within the care sector across Edinburgh Mews, Bushey and Hertfordshire. Mr Kadzere, who originates from Middlesex, pleaded guilty to three charges of wilfully failing to comply with automatic enrolment duties under section 45 and 46 of the Pensions Act 2008 and one charge for recklessly providing false information to TPR under section 80 of the Pensions Act.

Darren Ryder, the current Director of Auto Enrolment at TPR commented:

"TPR will not stand by if an employer wilfully fails to meet their responsibilities towards their staff - we will take action to make sure workers get the pensions they are due."

Mr. Ryder is due to leave TPR in early 2020 after working for the company for a duration of eight years.

Now that the Conservatives have been re-elected, many anticipate that their attention will, at least in part, be directed towards expanding on the pledges of the Pensions Bill, which was discussed in their manifesto and within the original Queen's speech. The Bill promised to give greater powers to TPR in terms of identifying and tackling unscrupulous employers.

Back to ***Contents***

Campaigners urge government to act quickly on pensions injustice pledge

23 December 2019

The CIPP is amongst a group of leading pensions and tax experts calling on the Government to act quickly to deliver its manifesto promise to fix an unfair tax flaw. This flaw means around 1.7 million low-income workers (mostly women) are being unfairly charged 25 percent more for their pensions as a result of the way their employer pension scheme operates.

The Net Pay Action Group (NPAG), of which the CIPP is a member, is made up of pension providers, lawyers, tax specialists, payroll specialists, employers, consumer groups and policy experts. Other members of the Net Pay Action Group are: Low Incomes Tax Reform Group, Baroness Ros Altmann, AgeWage, NOW: Pensions, The People's Pension, Pension and Lifetime Savings Association, The Investing and Saving Alliance, Association of British Insurers, Trades Union Congress, Age UK, Royal London, Smart Pension, The Pensions Administration Standards Association, Legal & General Investment Management, Ruston Smith.

The group has warned that this issue threatens to damage public confidence in auto-enrolment, widen the gender pensions gap, and let down those who need to increase their retirement savings most.

Many pension schemes provide the government-funded savings incentives (generally thought of as tax relief) through a system called relief at source (RAS), enabling lower earners to get the taxpayer-funded contribution to their pension automatically. But other pension providers add this money through a net-pay arrangement, which works well for most people, but not for those who earn less than the £12,500 threshold for paying income tax. These people miss out on the taxpayer-funded contribution to their pensions they would otherwise be entitled to and they end up paying it themselves.

As a first step, the Net Pay Action Group, is calling on the Government to provide a firm timeline for its pledged review of the system and commit to implementing a solution. It is urging the Government to consider the action group's simple and comprehensive solution which requires HMRC to use the data it already collects via PAYE real-time information (RTI) to identify, after the year end, those who have contributed to an NPA scheme and who have not earned enough to obtain taxpayer incentive. HMRC could then provide that sum via the informal P800 process (or those in Self-Assessment could claim relief via their return). This would result in the extra money paid into the pension by these low earners being refunded to them, or that refund being offset against a tax liability. Further details of this proposal are set out here.

Commenting, former Pensions Minister, Baroness Ros Altmann, a member of the Net Pay Action Group, said:

"I'm delighted that the Government has committed to addressing this problem and hope urgent action will be taken to give these low-paid workers, including over one million women, the pension incentives they need and deserve."

CIPP comment
The CIPP, along with other members of the NPAG, hopes that the government addresses the issue that they have pledged to fix sooner rather than later. The people that this anomaly affects are considered to be some of the most vulnerable, so it is imperative that a resolution is found to protect them and their pension funds. As always, as soon as there are any further updates, the CIPP will alert its members through News Online, so that you have the most up to date news relevant to payroll professionals.

Back to ***Contents***

An increase to the Pensions Protection Funds levy for large employers expected in 2021

24 December 2019

The Pension Protection Fund (PPF) levy is paid by all eligible defined benefit schemes to help fund PPF protection. As a result of proposed amendments to the levy risk assessment model, larger payment may be required from some of the bigger companies, due to changes that will take effect from tax year 2021-2022.

Pensions Expert reports that the PPF will no longer utilise Experian for its insolvency risk model but will start using Dun & Bradstreet (D&B) to model insolvency risk for levy calculations. The risk scores for the 2021-2022 levy will be amended to mirror actual insolvency experience.

Although D&B's new model is a modified version of the one initially used by Experian, tests that looked at its performance indicated that the scorecards originally used were incorrectly predicting the level of insolvencies. This trend was prevalent in the scorecards used for larger companies. The scorecard variables that will be used are to be adjusted accordingly, and this will see increased levies for bigger companies but will also mean decreases for smaller businesses and for not-for-profit establishments.

The PPF commented:

"We regard the case for recalibration as very strong, since otherwise smaller entities and not-for-profits would be subsidising the largest employers."

According to the document, a third of schemes will see a similar amount of levy in 2021-22, with almost half of the schemes seeing a lower charge. One in five schemes will see an increase, in particular, those with employers on 'scorecard 1'.

The risk scores that have been calculated by D&B will be available for levy payers to view online, on a new digital portal, which will also offer the facility for those affected to ask questions online and also to engage in live webchat with customer service advisors.

Back to ***Contents***

Guy Opperman to remain as minister for pensions and financial inclusion

25 December 2019

Guy Opperman, one of the main contributors to the Pensions Schemes Bill mentioned in both speeches delivered by the Queen this year, has retained his parliamentary seat of Hexham and has been reappointed as the minister for pensions and financial inclusion.

Mr Opperman is the second-longest serving pensions minister behind Sir Steve Webb, who served between 2010 and 2015, as he took the role in June 2017 and so has over two years' worth of service within this position. There is, however, speculation that there will be a major cabinet reshuffle in February 2020 after the proposals to officially leave the EU on January 31, so this could potentially jeopardise his future in the role.

He was instrumental in the formation of the Pensions Scheme Bill which discusses rules relating to pensions dashboards, collective defined contribution schemes and which also promises to award greater powers to The Pensions Regulator (TPR) to enable it to tackle non-compliance. Mr. Opperman confirmed that he was 'regretful' that the general election postponed progression relating to the bill but maintained that it would be revisited as there was cross-party support for it.

There seemed to be widespread support for Mr. Opperman's reappointment, as reported by Pensions Expert. The partner at pensions consultancy LCP, David Everett, commented that it was :

"Encouraging for a post in which continuity over the years has been sadly lacking. But with the prospect of a major reshuffle the other side of Brexit, whether Mr Opperman will be around to steer the Pension Schemes Bill through parliament and to engage with all the consequential regulations yet to come, remains to be seen."

The director of policy at The People's Pension, Gregg McClymeont said:

"Pensions are a long-term project and it is crucial to have continuity in policy approach. The minister's focus must be on building on the huge success of auto-enrolment by bringing more workers under the scheme.

Lowering the minimum age from 22 to 18, decreasing the earnings threshold from £10,000 to the primary national insurance threshold, and calculating people's pension contributions from the first pound they earn could put billions more into savers' pension pots.

It is also crucial that the government comes good on its manifesto pledge and provides a firm timeline to review the tax flaw that's depriving more than 1.7m lower earners of much-needed tax relief on their pension contributions. Fairness demands this issue is fixed."

Back to ***Contents***

Recognised overseas pension schemes notification list

3 January 2020

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been seven scheme names added to the list, and none removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia

Chauhan55 Super Fund
De Souza Superannuation Fund
Denby Horwell Family SMSF
McConalogue Superannuation Fund
S&D Warrs Self Managed Superannuation Fund

Canada

Cidel Alternate Retirement Plan ("CARP")

Jersey

Different Corner Limited

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

£37 billion in pension funds currently unclaimed

8 January 2020

Research suggests that there is £37 billion in pension funds that is currently unclaimed, which means that nearly a quarter of adults in the UK who are under the age of 55 will miss out on some of their retirement income.

The study from advice firm, Profile Pensions suggests that there are approximately 1.6 million pension pots missing, each holding an average value of £23,000. Out of 2,096 under 55s included in the research, 24% confirmed that they had lost track of at least one of their pensions, with higher response rates (29%) observed in individuals aged between 25 and 34. A further 10% confessed that they would be uncertain about their ability to locate all of their pension pots.

Studies such as these highlight the importance of the incoming pensions dashboards, as they will serve to minimise the issue of missing pension pots and will display all of an individual's pensions and their corresponding figures in one place, alongside information relating to their state pension. This should allow workers to prepare accordingly for their futures and to give them some idea of what their retirement will look like and how much they will have to spend.

The most common scenario in which pension pots are lost is when people move home but fail to notify their pension provider. This means that providers cannot supply pension holders with pension documents and annual statements. Government research shows that the average number of times that an individual moves to a new house is eight in a lifetime – a figure that is only expected to grow as more and more people choose to rent instead of buying properties. Auto-enrolment means that workers can potentially hold pensions with every company they have worked for, and with people working an average of 11 jobs during their lives, that is a substantial number of pension pots to monitor.

Back to ***Contents***

Pensions Bill revisited by parliament

9 January 2020

The Pensions Bill, first referenced in the initial Queen's Speech held in October 2019, and reiterated by the Queen in December, has been reintroduced into parliament, following its delay as a result of the general election.

As parliament reopened following the Christmas break, the policy was placed in the House of Lords, and includes plans for the implementation of pensions dashboards, strengthened powers for The Pensions Regulator (TPR) and the introduction of collective defined contribution schemes.

Prior to the election, the Pensions Bill had already attracted cross-party support and it was widely anticipated that it would be revisited once the election had passed.

The Financial Adviser reported that the chief executive of TPR, Charles Counsell, pledged his support for the Pensions Bill and was pleased that it was being reintroduced so swiftly. He confirmed that he was looking forward to working alongside the Department for Work and Pensions (DWP) as the bill progressed. He commented that the new bill would mean that the regulator could be "clearer, quicker and tougher" and that it would have more power to reprimand and punish any "risky and reckless" behaviour.

The new powers that will be awarded to TPR within the bill include making it a criminal offence to behave in a knowingly reckless manner, which can carry a custodial sentence of up to seven years for the responsible bosses. TPR can also gather information about schemes within a timely manner so that it can recover any damages for members of pension schemes when things are not done correctly, so that they are not negatively impacted.

Pensions dashboards have been on the agenda for a considerable time now and will allow savers to see all their pension pots consolidated in one area, alongside information relating to their state pension. It is hoped that this will assist people in better preparing for their retirement and to give them some insight into the lifestyle they can expect to lead.

Collective defined contribution schemes are also referenced in the bill. These schemes do not guarantee a certain pension income but have a target figure that they will pay out which is based on a long-term, mixed risk investment plan. Under defined contribution schemes, there are no individual pension pots, but members pay into a collective pot which pays out to individuals during retirement.

The CIPP will keep its members updated as to any movements and progress in relation to the Pensions Bills via News Online.

Back to ***Contents***

Latest Countdown Bulletin published

10 January 2020

The latest Countdown Bulletin provides important guidance and updates to pension scheme administrators about the end of contracting-out.

Although contracting-out came to an end in April 2016, schemes are still submitting termination and transfer notices with end dates on or after 6 April 2016.

The National Insurance Services to Pensions Industry (NISPI) countdown bulletins provide additional guidance for pension scheme administrators to enable them to make sure all individuals contracted-out pension rights are secured correctly.

Countdown Bulletin 50 has updates on the revised proposed solution for automatically allocating payments, along with useful links and contact details.

The information given is that HMRC has reviewed the option of automatically allocating payments received from pension schemes for individual members of their scheme. Multiple pension schemes have made part payments towards the debt that they have already been notified of by HMRC and HMRC cannot identify the specific scheme members that part payments were made for. Throughout the Scheme Reconciliation Service, HMRC has followed up on queries in order to protect the interests of individuals and their pension entitlements.

To allow HMRC to continue to provide the same service levels and protect the interests of individuals, it has drawn advice from Pension Schemes Administrators, who will now be responsible for finding the individual members they want the part payment allocated to.

The advice is that if you administer a scheme that has either not paid or paid in full you may want to reconsider that decision. If you decide to part pay, you will need to advise HMRC about the part payment amount and the specific members that the part payment needs to be allocated to.

HMRC will publish details on the process that all schemes need to follow in due course. The extra information will affect the original timeline HMRC published for the issue of the final data cuts. A timeline to take this into consideration will be provided once the allocation timeline is understood.

Previous editions of the Countdown Bulletin are also available on GOV.UK.

Back to ***Contents***

New pension tax rules could be implemented by the start of the new tax year

14 January 2020

In its manifesto, released back in 2019, the Conservative government pledged to work to fix the tapered annual allowance problem that is impacting the pensions of doctors.

The results of the government's review on the topic should be released in the Budget, being held on 11 March, and could be implemented by the start of the new tax year, on 6 April 2020. This timeframe has been predicted by the British Medical Association (BMA), who government confirmed it would work in conjunction with, alongside the Academy of Medical Royal Colleges to solve the "taper problem". Government also confirmed that it would solve the issue within the first 30 days after winning the election. There was no discussion of completely disregarding the taper and no commitment to examine the issue outside of NHS staff pensions.

The BMA encouraged the government to fix the problem for the NHS and wrote to both the prime minister and the chancellor straight after the election to make sure that the review was being held as pledged in the manifesto.
The chair of the BMA pensions committee, Vishal Sharma received feedback to confirm that the review, led by the economic secretary, is currently underway and the BMA will meet with the government in the near future. Speaking to the Financial Adviser, he said:

"The outcome of this review will be announced in the upcoming Budget on 11 March and the BMA are clear that the necessary reforms need to be in place for the start of the next tax year."

A Treasury spokesperson also said:

"We want to make sure that doctors spend as much time as possible treating patients. That's why we are urgently reviewing the pensions taper to ensure doctors aren't turning down extra shifts for fear of high tax bills.
"We keep the tax system under constant review and make changes at budget, in the context of the wider public finances."

The BMA has confirmed that it would like to see the taper scrapped completely. The tapered annual allowance reduces the allowance for individuals who have higher salaries which means that the likelihood of them receiving annual and lifetime tax charges on their pension contributions is high. For every £2 of adjusted income that exceeds £150,00, £1 of the annual allowance is removed. This rule has resulted in large numbers of doctors reducing their hours, leaving the pension scheme and some have even retired early to avoid being subject to tax charges.

A fix was put in place for the 2019-20 tax year only whereby the government promised to pay the tax bills of clinicians who were members of the NHS Pension Scheme in England. Experts will want to see a more permanent fix implemented and hope that this will be in place in time for the new tax year.

Back to ***Contents***

Recognised overseas pension schemes notification list

17 January 2020

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 11 scheme names added to the list, and none removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia

007 Superannuation Fund
Burgess Super Fund
Jon Hayward Superannuation Fund

JS Band Super Fund
Lee Family Super Fund
Madgasman Super Fund
Michael ES Superannuation Fund
Milburn Super Fund
Outrospective Super Fund
Top Hat Superannuation Fund

Isle of Man

CNIW Personal Pension Scheme

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Managing Pension Schemes service newsletter – January 2020

20 January 2020

The latest pension schemes newsletter explains how HMRC Pension Scheme Services has moved into phase two of developing its service for pension scheme registration and administration, to bring pension scheme reporting and practitioner registration, and authorisation to a pension scheme onto the service.

This is because phase one of the service which incorporated pension scheme and scheme administrator registration has now been delivered.

The newsletter provides more information relating to the timelines around delivering phase two of the service, and additional information relating to how to migrate schemes across from the Pension Schemes Online Service.

The newsletter explains how individuals can provide feedback on the design and development of new features of the Managing Pension Schemes service.

The list of articles in full are as follows:

- Phase 2 timeline
- How you can help us
- Scheme administrator enrolment
- Giving access to the service to business tax account administrators and assistants
- Migration of pension schemes to the Managing Pension Schemes Service
- Pension scheme reporting
- Lifetime allowance
- Decommissioning the Pension Schemes Online service
- Appendix 1 – table of updates to the Managing Pension Schemes Service

Back to ***Contents***

The Money and Pensions Service launches its UK Strategy for Financial Wellbeing

23 January 2020

The Money and Pensions Service (MaPS) has launched its UK Strategy for Financial Wellbeing. This outlines its ten-year vision and how it aims to improve the lives of millions by setting goals across five key areas – financial education, saving, credit, debt advice and retirement.

MaPS brings together three guidance bodies – the Money Advice Service, the Pensions Advisory Service and Pension Wise, and its mission is to ensure that everyone in the UK can access the relevant information they need in order to enable them to make the correct financial decisions, throughout their lives, with ease.

Successful delivery of the strategy will mean that the lives of many will be improved, which will in turn benefit communities, businesses, the economy and wider society.

Five "agendas for change" have been established and include the goals to be achieved by 2030. They are as follows:

- Financial foundations – 6.8 million children and young people to receive meaningful financial education – an increase of two million from 2019, when 4.8 million children received this guidance
- Nation of savers – 16.7 million working age people classed as 'struggling' and 'squeezed' will be saving regularly – an increase of two million
- Credit counts – Two million fewer people frequently using credit to pay for day to day expenditures such as food or bills
- Better debt advice – Two million more people receiving the debt advice they need. At present, only 32% of those requiring debt advice access it
- Future focus – Five million more people with a sound understanding of how to plan for their retirement and later lives, meaning that a total of approximately 28.6 million people will have this awareness

The strategy will also investigate which factors mean that certain individuals are more vulnerable to financial difficulty than others, for example, gender and /or mental health conditions. MaPS will work in conjunction with other organisations and experts across all sectors to deliver the strategy.

Financial wellbeing means that individuals can afford to pay for day to day life without concern and can cope with the unexpected expenditures that life sometimes demands. It is primarily about feeling secure, in control, confident and empowered. The requirement for the strategy was identified because poor financial wellbeing has a wider effect and impacts on the mental and physical health of individuals, as well as their relationships with others.

Research shows that:

- 11.5 million people in the UK have less than £100 in a savings account
- Nine million people rely on credit to pay for food and important bills
- 22 million people are not prepared for and cannot plan for their retirement
- 5.3 million children are missing out on beneficial financial education

Good financial wellbeing means that individuals are more productive at work and is good for companies as they have customers who repay their bills and payments. Additionally, it is not just individuals who benefit from people being able to invest money in their retirements – it also has a positive effect on the wider economy.

Over the course of the first half of 2020, MaPS will work alongside leaders and experts from the public, private and voluntary sectors to establish developed plans for the five goals and how they will be implemented in England, Scotland, Wales and Northern Ireland. Once this has been achieved, MaPS will focus on tailoring its own corporate strategy to ensure that it can continue to provide crucial money and pensions guidance to its customers.

The Acting Chief Executive of MaPS, Caroline Siarkiewicz, commented:

"Financial wellbeing underpins personal health and happiness but it doesn't happen by chance. We're launching a strategy for entire lifetimes, aiming to expand financial education for children while ensuring everyone is equipped to plan for and enjoy their retirement. Key initiatives include increasing the availability of affordable credit, more payroll savings products and an expansion of free debt advice for when people are in crisis.

The Money and Pensions Service will be the catalyst for a financial wellbeing movement, transforming how people engage with their money and pensions. We have a decade to make a difference and we cannot achieve change alone, so we will be connecting companies, charities and other organisations which share our vision, to make this happen."

Chair of the Money and Pensions Service, Sir Hector Sants, said:

"The UK Strategy sets out our ambition to transform financial wellbeing over the next decade.

The importance of financial wellbeing is under-appreciated. It is not only about financial capability but also feeling secure, in control, confident and empowered in relation to money. It is central to personal wellbeing and thus to living a contented life.

The UK Strategy for Financial Wellbeing will only be successful for individuals if it is supported by the right products, regulation, services and corporate culture. Achieving the strategy will thus require the support and, in many cases, action by both the private and the public sector."

Guy Opperman, Minister for Pensions and Financial Inclusion, said:

"The Government wants to make it easy for those who need it most to get help to make confident financial choices. The one-stop-shop Money and Pensions Service's free, high-quality, impartial information and guidance delivers exactly that.

Also, it has an important part to play in helping today's young people become tomorrow's savvy savers, and the development of ground-breaking digital pensions dashboards which will transform how all of us plan for retirement."

For further information, stakeholders should visit the Money and Pensions Service website at www.moneyandpensionsservice.org.uk

Back to ***Contents***

The state pension age a bone of contention for Irish political parties

23 January 2020

Ahead of Ireland's upcoming general election on Saturday 8 February, the main political parties all appear to have conflicting views on the state pension age, with some welcoming an increase to the age but with others outwardly rejecting it.

The incumbent party, Fine Gael, intend for the state pension age to increase from the current age of 66 to 67 in 2021. They also plan to oversee a further uplift to the age of 68 by 2028.

Many workers have voiced their concerns at the plans, as some are in jobs that will force them to retire at 65, which will leave them reliant on jobseekers' allowance for two years, which is a substantial period of time.

Pensions Age reported that Leo Varadker, Irish Prime Minister and leader of Fine Gael, stated that it would be "irresponsible" not to increase the state pension age to 67, and explained the rationale behind this:

"If pensions are going to be sustainable into the future, we will need to increase the pension age in line with life expectancy but what we're hearing from people on the ground and at the doors is that there are some anomalies that need to be fixed.

And one of those anomalies in my view is people who are required to retire before the age of 66, or even before the age of 67, and what we have proposed to do there is bring in a transition pension or an early retirement pension, like existed in the past for those who are contractually required to retire earlier."

Michael Martin, leader of the opposition party, Fianna Fail, confirmed that if his party were elected, he would "seek to outlaw contracts that would force people to retire at 65." He does not believe that having people in limbo for two years is sustainable.

Ireland's Labour party are completely opposed to increasing the state pension age at all. In fact, Sinn Fein is dedicated to reducing the state pension age to 65 and has put forward a bill that prevents any increases.

A Sunday Times poll revealed that Fianna Fail is currently ahead of Fine Gael, with the former favoured by 32% and the latter voted for by 20%. The CIPP will report on the outcome of the election once it has been confirmed in February of this year.

Back to *Contents*

The Department for Work & Pensions releases guidance relating to the State Pension for individuals living in the EEA or Switzerland post-Brexit

29 January 2020

The Department for Work & Pensions (DWP) has published guidance relating to the rights of UK nationals living in the EEA and Switzerland to benefits and pensions after the UK has left the EU.

The UK is set to leave the EU on 31 January 2020, and The Withdrawal Agreement presents the terms of the UK's withdrawal from the EU, and includes provisions for a transitional period up until 31 December 2020 in which no changes will take place. In this time, there will be no difference to the rules on claiming UK benefits and State Pension in the EEA or Switzerland.

Guidance relating to the State Pension for those living in the EEA or Switzerland by 31 December 2020

The guidance asserts that individuals moving or retiring abroad prior to, or on 31 December 2020 (within the transition period) will need to notify the relevant government office of this. They will still be able to receive a UK State Pension if they live in the EEA or Switzerland, and it can still be claimed from these countries. DWP has confirmed that the UK State Pension for these people will continue to be uprated each year for as long as they continue to live there, and this will happen even if the individual starts claiming their pension or on after 1 January 2021, subject to the standard qualifying conditions. This means that they will continue to receive increases under 'triple lock' rules.

Whilst working in the EEA or Switzerland, individuals can count future social security contributions towards meeting the qualifying conditions for their UK State Pension.

Guidance relating to the State Pension for those moving to an EEA State or Switzerland from 1 January 2021

For individuals who are not covered by the Withdrawal Agreement who move to live in an EEA state or Switzerland from 1 January 2021 onwards, the guidance is not as straight forward. The outcome of negotiations with the EU may result in direct changes to the rules surrounding entitlement to UK benefits within those countries, which could directly impact on whether future social security contributions in the EEA and Switzerland count towards the UK State Pension. Future discussions and agreements may also affect whether the UK State Pension is updated every year for individuals living in the EEA and Switzerland who moved there from 1 January 2021 onwards.

Individuals will, however, continue to receive the UK State Pension in the EEA or Switzerland, subject to the standard qualifying conditions. Any social security contributions made in an EEA state or Switzerland by 31 December 2020 can be used to help individuals qualify for a UK State Pension but there is no definitive answer in relation to contributions made after that point as yet.

Moving to Ireland from 1 January 2021

Individuals who move to Ireland, and are UK or Irish nationals, will continue to get their UK State Pension uprated each year.

Back to *Contents*

TPR orders the FCA to pay £2,000 for pension scheme failures

29 January 2020

The Pensions Regulator (TPR) has ordered The Financial Conduct Authority (FCA) to pay a £2,000 fine in relation to a lack of details in its defined contribution scheme documentation.

£2,000 is the highest penalty that the watchdog can issue to pension schemes for failure to comply with its chair statement. The chair's statement is the paperwork that lays out the actions that defined contribution schemes have taken to comply with various requirements. Some of the key elements it must include are information in relation to the scheme's default fund and its governance, the costs and charges and the assessment of value for members. Speaking to Pensions Expert, an FCA spokesperson said:

"In considering the FCA Pension Plan's application to become an authorised master trust, TPR reviewed its 2018 DC governance statement and ruled it contained insufficient detail.

The FCA Pension Plan trustee has apologised to members of the plan, and reviewed systems and processes to ensure all the required information is available to members and the 2019 governance statement (provided in October) was fully compliant.

The plan's application to become an authorised master trust has been approved."

TPE ruled that here was crucial detail missing in relation to regular training that trustee boards should have been provided in order to retain their knowledge of the scheme's governing documentation. The FCA also failed to provide historical information surrounding fund managers' costs and charges for default and non-default strategies. There was no date provided as to when the FCA's most recent review of the investment strategy had taken place.

The TPR has issued fines of a similar nature in the past. Of note, was the £2,000 charge issued to the government-backed workplace pension scheme, National Employment Savings Trust (NEST) for non-compliance with the chair's statement requirements.

Back to ***Contents***

Pension schemes newsletter 116

30 January 2020

The latest pension schemes newsletter from HMRC includes updates on relief at source, master trust supervision, the managing pension schemes service, and more.

This newsletter is published by HMRC Pension Schemes Services to update stakeholders on the latest news for pension schemes. Issue 116 includes articles on:

- Pension flexibility statistics
- Pension Schemes Online service
- Managing Pension Schemes service
- Relief at Source - notification of residency status report for 2020 to 2021
- Trust Registration Service

Some interesting statistics are included in the publication that relate to the number of tax repayment claim forms processed for pension flexibility payments.

From 1 October 2019 to 31 December 2019, HMRC processed:

- P55 = 5,759 forms
- P53Z = 3,422 forms
- P50Z = 1,154 forms

Total value repaid: £32,191,054

Pension schemes newsletter 116 – January 2020

Back to ***Contents***

Caroline Siarkiewicz appointed as permanent chief executive of The Money and Pensions Service (MaPS)

31 January 2020

Caroline Siarkiewicz has served as interim CEO since June 2019 and that has now been cemented as a permanent arrangement. MaPS confirmed the appointment in a press release.

Siarkiewicz previously held the position of Partnerships and Commissioning Director, which was an executive board role that involved maintaining the organisation's relationships with partners throughout the UK, and money guidance and debt advice operations for MaPS. Before that, she was the Head of UK Debt Advice at the Money Advice Service, and previously, the Chief Executive of the Institute of Money Advisors.

Pensions Minister, Gup Opperman said:

"I'm delighted that Caroline will be leading MaPS through the next stage of its development. The delivery of the UK Strategy and Pensions Dashboard, alongside the current services that support the most vulnerable, remain top priorities for this government. I wish Caroline and all of the team at MaPS every success."

MaPS chair, Hector Sants, added:

"*Caroline has demonstrated - both through her time as acting chief executive and in her previous roles - her understanding of, and commitment to MaPS' vision, its customers, its people and its stakeholders throughout the UK.*"

Siaskiewicz, herself, said:

"I am delighted to be taking up this new role on a permanent basis at such an exciting time for MaPS. I would like to take this opportunity to thank Hector and the Board for their confidence in me, and I look forward to continuing our work towards everyone making the most of their money and pensions.

MaPS has a unique role in connecting people behind a collective goal of improving financial wellbeing throughout the UK. As chief executive, I am ambitious and excited for what we can achieve through working together towards a common purpose"

The Department for Work and Pensions (DWP) sponsors MaPS, which is an arm's-length body, that offers free financial advice and appointments either via the telephone, online or in person.

MaPS recently unveiled the ten-year framework it has designed to promote widespread change and to improve the personal finances of millions of people in the UK. The CIPP previously reported on the publication of MaPS' UK Strategy for Financial Wellbeing.

Back to ***Contents***

The House of Lords critical of lack of detail within the Pension Schemes Bill

03 February 2020

The first debate held on the Pension Schemes Bill in the House of Lords saw peers addressing several issues with its content, or lack of, in certain areas. Two big criticisms centred on its failure to discuss intentions to lower the auto-enrolment age and an absence of detail surrounding pension dashboards.

The Department of Work and Pensions (DWP) recommended that the automatic enrolment starting age should be lowered from 22 to 18 but there was no discussion of this within the Pension Schemes Bill.

The Financial Adviser reported that Lord McKenzie said:
"A number of commentators have expressed disappointment that the opportunity has not been taken to implement the changes to auto-enrolment recommended by the 2017 review: namely, to extend the application to workers aged 18, and to remove the qualifying earnings deduction and the earnings threshold."

Baroness Donaghy was in agreement with this and felt that more needed to be done to improve auto-enrolment to ensure that more people could benefit. She commented:

"The government should include an increase in auto-enrolment minimum contribution rates. They should support those in multiple occupations, so common in the gig economy, so that their collective earnings can be counted towards eligibility for auto-enrolment.

They should expand auto-enrolment to include the self-employed, allow 18 year-olds to join and remove the lower earnings limit, which in turn would solve the problem in relation to multiple occupations. This would lead to an additional £2.5bn in savings."

Peers identified what they felt was a lack of detail on pension dashboards, in terms of there being stilted progression on the project and the limited scope of information that would be featured on it. The debate stretched over a period of more than four hours, and there was debate as to whether or not there should be multiple dashboards or one single publicly run dashboard. As it stands, the bill allows for multiple dashboards to be run by providers and one by the Money and Pensions Service (MaPS).

Lord Sharkey said:

"The question in my mind is whether it should be 'dashboard' singular or 'dashboards' plural. Should it be a dashboard provided only by MaPS (Money and Pensions Service), or should it be many dashboards, provided by MaPS and other qualified organisations?

On the assumption that there will be very tight restrictions on how dashboard information is presented, and that future projections will not be allowed much variation, I see the merit in multiple dashboards.

It seems to me that the key argument is one of reach. Allowing many dashboards will get more people to take notice and use dashboards. Restricting dashboards to MaPS risks a much smaller take-up."

Baroness Neville-Rolfe voiced her approval of the single dashboard as it would serve to reduce costs. She commented:

"The pensions dashboard is a great digital idea. Matt Hancock would be proud of it. However, there is another problem that we will have to debate in committee: the substantial cost, and whether that is borne by employees, employers or other beneficiaries.

I have to say that the impact assessment for the bill is impressively fat, but, unfortunately, it is difficult to understand. The various dashboard costs appear to me to tot up to well over £1bn, which is a lot of money. We must try to keep that cost down.

Can we work up a single, secure and simple dashboard system in order to do so? Is this another area where we could see a draft statutory instrument and debate the options? And is there a case for some state help for the smallest and poorest schemes?"

CIPP comment

The CIPP is interested to see what will happen to the Pension Schemes Bill as it passes through Parliament. We will keep members informed of any updates, as and when we have them.

Back to ***Contents***

£2.23 billion in pension withdrawals made in last quarter of 2019

4 February 2020

HMRC has confirmed that in quarter four of 2019, there were a total of 828,000 pension withdrawals made by 327,000 individuals, totalling a bill of £2.23 billion.

This meant an impressive 18% increase from the £1.9 billion withdrawn in the last quarter of 2018 and an even larger 24% increase in the number of individuals making withdrawals, as 264,000 was the figure reported in the same period of 2018.

Since April 2016, when it became mandatory to report pension withdrawal figures, the average figure of £11,132 taken has fallen by 39%, as the average withdrawal amount for quarter four of 2019 was £6,800.

The pension freedom tax rules allow individuals who have reached the required minimum pension age, currently set at 55, to access their pension savings early when they are members of defined contribution pension schemes. There are several options for members who wish to take their pension benefits – they could be taken as one or more payments a year for a number of years, several payments a year over a shorter timeframe or the full value can be withdrawn in one payment. The new rules have been in place since April 2015.

Back to ***Contents***

Scottish health secretary urges Chancellor to fix the pensions tapered annual allowance issue

5 February 2020

Jeane Freeman, the Scottish health secretary, has requested that the Chancellor of the Exchequer, Sajid Javid, finds a permanent solution to the issue of the pensions tapered annual allowance issue that is currently affecting doctors working in the National Health Service (NHS).

Pensions Expert reported that Ms Freeman wrote to Mr Javid and encouraged him to "take decisive action" to stop the negative outcomes associated with the pension and taxation rules for senior clinicians across Scotland and the UK, and advised that the issue needed to be fixed prior to April, and the start of the new tax year. She added that if the chancellor does not find a lasting resolution then the Scottish government would find solutions of its own. Ms Freeman also urged Mr Javid to utilise the Budget to be held on 11 March 2020 to offer a permanent solution to the problem.

She said:

"Considerable effort has been expended to date in trying to offset the very real consequences for NHS staff and services of UK government tax policy.

The Scottish government will continue to act to mitigate the harmful impact of pension taxation rules on NHSS staff and on frontline service delivery from April 2020 should this prove necessary. It is, however, clear that a permanent solution is urgently required and can only be offered by your department.

It is incumbent upon you to take the opportunity of the March Budget to fully and finally remedy the situation and allow our NHS staff to get on with delivering care without fear of the consequences. These concerns are echoed across the entire UK, and I urge you to act."

The tapered allowance is causing doctors to stop contributing to pension schemes, to cut their hours or even to retire earlier than initially planned, in order to avoid receiving large tax bills. The rules mean that for every £2 of adjusted income above £150,000 the annual allowance reduces by £1, but the minimum reduced annual allowance that an individual can receive is £10,000.

The Scottish government implemented a temporary measure for NHS staff by giving them the option to have their employer pension contributions incorporated into their basic pay. In England, the government pledged to cover the tax bills of doctors for the 2019-20 tax year but this is due to cease on March 31 2020 and no permanent fix has been introduced. The interim measure in England has been criticised by experts.

Back to ***Contents***

Financial Conduct Authority gives concessions to new pension rules

6 February 2020

The Financial Conduct Authority (FCA) has acknowledged industry concerns about its proposed new costs and charges regime for workplace pension schemes and agreed that in the first year, the rules will only apply to default funds.

Under the new rules, which come into effect from April 2020, the bodies will need to publish the costs and charges imposed on scheme members, including an illustration of the compounding effect of the aggregated costs and charges, free of charge at least yearly.

They will also need to ensure all scheme members get an annual communication which includes a brief description of the most recent costs and charges information available and how it can be accessed.

But following industry concerns about the volume of information required, the **FCA confirmed** that its new rules surrounding the disclosure of costs and charges information on workplace pensions will be phased in gradually after admitting its implementation timetable was "very challenging".

The rules come into effect from April 2020, but from 1 January to 31 December 2020, governance bodies, such as Independent Governance Committees and trustees, will only need to report on default funds, with a publication deadline of July 31, 2021.

For all subsequent years information must be provided on all the investment options pension members are able to select.

Full details of all the new rules are available in the **policy statement** on the FCA website

Back to ***Contents***

Phase Two of development for Managing Pensions Schemes service

11 February 2020

HMRC is running a Pension scheme workshop on 16 March which is part of its work on developing Phase Two of the Managing Pension Schemes service to introduce scheme reporting, practitioner registration and authorisation to a pension scheme, onto the service.

The workshop is being held in London, during which the team will share their latest work on the service in more detail.

This workshop provides an important opportunity for stakeholders, particularly those with involvement in DC schemes administration, to share with HMRC, more detail of what would be beneficial to them, as HMRC continues with its development during Phase Two of the Managing Pension Schemes service.

CIPP comment

CIPP policy and research team will be attending and if you would be interested in attending also please contact Samantha Mann senior policy and research officer at policy@cipp.org.uk.

Back to ***Contents***

Recognised overseas pension schemes notification list

12 February 2020

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been 18 scheme names added to the list, and two removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia

Ashby Super Fund
Banksia Tree Superannuation Fund
Deb & Marty Superannuation Fund
Duncan Super SMSF
Gilhooley Super Fund
Greg Potts Superannuation Fund
Hannah Johnston Superannuation Fund
Hatters Superannuation Fund
KM Daley Super Fund
LM Darrington Superannuation Fund
Louise Falkov Retirement Fund
McGown Superannuation Fund
ND & DM Robertson Super Fund
PJW Super Fund
Stephenson Family Super
White Frythe Fund

Ireland

Andrew Robertson Low Pension Trust

Switzerland

Independent Freizuegigkeitsstiftung

Schemes removed

Isle of Man

JBD Personal Pension Scheme

Jersey

Sebastian-Capel Investments Ltd

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Guy Opperman reappointed as Pensions Minister

17 February 2020

Many experts in the pension industry have breathed a sigh of relief over the reappointment of Guy Opperman as pensions minister, after Sajid Javid sensationally resigned as Chancellor of the Exchequer following Boris Johnson's cabinet reshuffle.

Pension experts have confirmed that this is a positive and welcome piece of news as it ensures continuity within the government, particularly in the realm of pensions and the continued momentum of the Pensions Bill. Ensuring further consistency, Therese Coffey was also reappointed as secretary of state for pensions.

Mr. Javid has been replaced by Rishi Sunak in the role of Chancellor, and there were also several other changes that saw business secretary, Andrea Leadsom, attorney general, Geoffrey Cox, Northern Ireland secretary, Julian Smith and Esther Mcvey, housing minister, lose their jobs.

Mr Opperman tweeted:

"Delighted to be re-appointed by the PM as minister for pensions and financial inclusion. We've already achieved a lot, but there is lots more to crack on with.

Top priorities are [getting] the Pension Schemes Bill through the House of Commons and continuing progress on ESG (Environmental, Social, and Governance)."

Financial Adviser confirmed that Mr Opperman's intentions are for the Pension Schemes Bill to reach the House of Commons by Easter, and will introduce the long anticipated pension dashboards, give The Pensions Regulator (TPR) enhanced powers, establish collective defined benefit schemes and ensure that pension schemes are aware of climate risks and account for this.

Back to ***Contents***

Recognised overseas pension schemes notification list

18 February 2020

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been three scheme names added to the list, and three removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia

Romaine Super Fund

Isle of Man

Ardonan Isle of Man SIPP
Wilmott SIPP

Schemes removed

Gibraltar

ARIA IP Gibraltar QROPS Pension Scheme

Guernsey

Granite 2009 pension Scheme

Liechtenstein

LV 1871 Private Pension

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Third accountant to be prosecuted by the Pensions Regulator for lying

24 February 2020

The latest compliance and enforcement quarterly bulletin highlights the risks that dishonest actions Pensions Regulator TPR.

The **compliance and enforcement bulletin**, which covers the period October to December 2019, provides information about the powers that TPR have used and is designed to help employers, their advisers, trustees and administrators understand the type of compliance and enforcement interventions that the Regulator will undertake. It focuses on key areas relating to compliance, automatic enrolment, enforcement and review of statutory notices for frontline regulation.

In a bid to ensure that savers are in well-governed schemes with *'fully competent and informed'* trustees and the **TPR message** to pension trustees serves as a reminder that TPR will not hesitate to use their powers if trustees fail to respond to standard-raising initiatives or wilfully defraud scheme members of their pension savings.

TPR Case study

This Cambridge-based former accountant was working for an employer with 17 members of staff. The company came to TPR attention as part of the compliance validation checks after it failed to declare compliance on time, and received a fixed penalty notice (FPN), and subsequently an escalating penalty notice (EPN). The EPN had accrued to £4,500 when the employer declared compliance, claiming that 10 employees had been automatically enrolled and two were not eligible.

TPR discovered the declaration was false when the pension scheme contacted them to say that the employer's account had been cancelled, and that no employees had been enrolled. After serving the employer with an inspection notice TPR discovered that there were indeed eligible staff. TPR also discovered that the accountant had been struck off the Chartered Institute for Management Accountants' register in 2018.

The employer claimed that the accountant had reassured him that AE was in hand, but when challenged he enrolled the relevant staff and backdated contributions. The accountant admitted to falsifying the information on the declaration, claiming that he had misunderstood the questions on the declaration of compliance, was overwhelmed with work and had intended to re-submit the correct information when he had more time. TPR prosecuted the accountant for giving us false and misleading information – he pleaded guilty in court and was penalised nearly £5,000.

Back to ***Contents***

Recognised overseas pension schemes notification list

3 March 2020

The list of Recognised Overseas Pensions Schemes (ROPS) notifications has been updated.

The list is of schemes that have told HMRC they meet the conditions to be a ROPS and have asked to be included on the list.

There have been three scheme names added to the list, and two removed. No amendments have been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia

Kinwat Super
O'Brien Family Super Fund
W M Super

Schemes removed

Gibraltar

Aurora Europa Lite Pensions Trust

Malta

Elmo International Retirement Plan

An updated list of ROPS notifications is published on the first and 15th day of each month. If this date falls on a weekend or UK public holiday the list will be published on the next working day. Sometimes the list is updated at short notice to temporarily remove schemes while reviews are carried out, for example, where fraudulent activity is suspected.

The requirements to be a ROPS changed from 6 April 2017 - find out about the changes for ROPS requirements.

Back to ***Contents***

Pension schemes newsletter 117

3 March 2020

The latest pension schemes newsletter has been published by HMRC's Pension Scheme Services to provide updates to stakeholders.

This newsletter is published by HMRC Pension Schemes Services to update stakeholders on the latest news for pension schemes. Issue 117 includes articles on:

- Relief at Source
- Guidance from The Pensions Regulator on Pension Scams
- Guaranteed Minimum Pension (GMP) Equalisation Newsletter - February 2020

Pension schemes newsletter 117 – February 2020

Back to ***Contents***

Record high numbers of workplace pension members in 2019

6 March 2020

The Office for National Statistics (ONS) has published data which highlights that 77% of UK employees were members of a workplace pension scheme in 2019. This is a substantial jump from the 47% who were pension scheme members back in 2012, when auto enrolment was initially rolled out to larger employers.

2019 saw the highest membership rate since records began in 1997, and approximately 21.9 million people were saving, largely into defined contribution pension schemes. More employees were members of a defined contribution scheme than any other for the first time in 2019, with 36% of employees saving into this type of scheme.

Whilst the figures are impressive, pension provider Aviva has pointed out that this still means that roughly five million employees are still not members of a workplace pension scheme. Those earning under £10,000 or who are below the autoenrolment qualification age of 22 are not automatically enrolled and so may form a large chunk of that five million. Additionally, there is an estimated further five million self-employed workers who are excluded from auto-enrolment entirely.

Pension experts have urged the government to address auto-enrolment, and to build on the proposals made in 2017 for qualifying bands to be scrapped.

Back to ***Contents***

Company director ordered to pay £12,800 by The Pensions Regulator for failure to provide information

9 March 2020

Michael Woolley, a company director who was the subject of an investigation by The Pensions Regulator (TPR), has been issued a £10,000 fine and ordered to pay costs of £2,800 for failure to provide information and documents as requested.

Mr. Woolley was due to appear at Brighton Magistrates' Court but prioritised the diving holiday in Cuba that he said he already had booked, and so did not attend. TPR had asked that he provide information pertaining to money and assets from 16 pension schemes as part of an ongoing investigation.

TPR can request information and documents under section 72 of the Pensions Act 2004, and they initially asked for the details on 22 January 2019. He did not supply all of the information required by the statutory deadline of 12 February 2019 and could not provide a valid excuse for this failure. One of the reasons provided was that he had been preoccupied with trying to qualify for a biennial offshore yacht contest. This took precedence over providing the information requested from the TPR.

Mr. Woolley is the director and a shareholder of Southbank Capital Limited, where money was invested and also director of PIM Trustees Limited, which is the trustee for the pension schemes.

Judge Tessa Szagun maintained that, as sole director, Mr. Woolley should have had easy access to the information requested and his failure to comply with TPR's request used up their valuable time and resources.

TPR's Director of Enforcement, Erica Carroll, said:

"The use of our information gathering powers is essential in our work to safeguard people's pensions.

Anyone refusing to comply with our requests without good reason should take note – they could find themselves in court with a criminal record."

Back to ***Contents***

Pensions overhaul expected at budget

11 March 2020

According to several reports, Rishi Sunak will use his first budget to make some substantial changes and amend some of the pension rules that experts have been campaigning for.

It is expected that one of the announcements will deliver a tax boost for high earners by tackling pension tax relief and raising the tapered annual allowance threshold income from the current £110,000 to £150,000.

At present, savers benefit from tax relief on contributions they pay into their pension scheme for up to a maximum of £40,000 per year, and anything that exceeds this limit is subject to the same tax as ordinary earnings. For individuals who earn more than £110,00, their annual tax-free limit can reduce from £40,000 to £10,000 but cannot decrease to below £10,000. By increasing the earnings threshold from £110,000 to £150,000, there will be substantially less people who will be impacted by the annual allowance taper. It is felt that this move will have a significant effect on senior doctors, as it has been reported that many have been refusing working overtime to avoid being hit by the taper. This is particularly pertinent considering the current situation with the coronavirus, as doctors will be needed to work more than ever.

Pensions Expert confirmed that the British Medical Association and NHS leaders raised concerns with the Treasury about the impact of the tapered annual allowance on the health service. It seems that Mr. Sunak has acknowledged these concerns and wants to address the issue. A Whitehall official said:

"Lifting the threshold should, to a certain extent, alleviate the issue of consultants wanting to take extra shifts without getting penalised.

But this is a very generous tax break and, although we understand why the doctors are unhappy about this, we can't remove the threshold completely because these are very well-paid people we are talking about."

There has also been speculation that Mr. Sunak will address a tax anomaly that penalises approximately 1.7 million low-income savers. Workers who have been automatically enrolled into a workplace pension, so earn at or above the auto-enrolment trigger of £10,000 a year, but earn below the current basic rate tax threshold of £12,500, do not receive tax relief on their pension contributions in certain situations. Where they are a member of a net pay scheme, they will have their employee pension deduction taken from their gross pay but will not receive the associated tax relief as they do not actually pay tax, so there is no relief available. This means that they effectively pay 25% more to contribute the same amount to their retirement pots as individuals earning more than them. This is totally unfair and affects those people who arguably need the additional money more than others.

The Sunday Times stated that the issue mainly affects women, and reported that, during a debate in parliament, the deputy leader of the House of Lords, Lord Howe, confirmed:

"Treasury colleagues will make announcements on the next steps in due course."

This was in response to a question from Baroness Ros Altmann, who has called for the system to be overhauled.

The CIPP, along with other stakeholders, have campaigned for the issue to be resolved so would really welcome any changes that serve to protect the victims of this anomaly.

Back to ***Contents***

HMRC issues further gudiance on the pension changes announced at Budget

16 March 2020

HMRC's Policy Impacting and Change Team has circulated further information relating to the changes to pensions that were announced at Budget, and the details can be located here.

The document provides further advice relating to the changes to the tapered annual allowance, and confirms that, if the taper applies to an individual, they will need to calculate their:

- Net income in the tax year 2020-21
- Pension savings in the tax year 2020-21
- Threshold income in the tax year 2020-21
- Adjusted income in the tax year 2020-21

Individuals will have a reduced or, 'tapered' annual allowance if both of the following are applicable in tax year 2020-21:

- Their threshold income exceeds £200,000 (this was previously £110,000)
- Their adjusted income exceeds £240,000 (this was previously £150,000)

Individuals won't be subject to the tapered annual allowance if their threshold income for the year 2020-21 is £200,000 or less, regardless of what their adjusted income is.

For individuals who are subject to the tapered annual allowance, for every £2 of their adjusted income that exceeds £240,000, their annual allowance for that year will reduce by £1. The minimum figure that this could reduce to was £10,000 for tax year 2019-20 but will be £4,000 for tax year 2020-21.

There are a couple of examples provided, that help to illustrate how this works in practice.

For individuals who have made pension savings above their available annual allowance, they should include the excess figures on their Self Assessment return.

The team further advised that a summary of the changes announced at Budget would be included in the next publication of the Pension Schemes Newsletter, which is due for publication in the week commencing 23 March 2020. All associated Gov.UK guides will be updated in time for 6 April 2020, in line with the new tax year.

Back to ***Contents***

The Pension Regulator allows defined benefit schemes to delay transfers by up to three months

31 March 2020

In response to the ongoing COVID-19 crisis, The Pension Regulator (TPR) has published new guidance which will allow employers to temporarily cease their defined benefit (DB) responsibilities for a period of up to three months. DB schemes will also be able to delay member requests to transfer out of the scheme for the same period.

The moves are aimed to provide trustees with a longer timeframe in which to calculate Cash Equivalent Transfer Values (CETVs), due to the economic uncertainty caused by coronavirus. There have been significantly more requests for CETVs which has placed pressure on the teams responsible for providing such calculations. It is hoped that the three-month delay will give schemes sufficient time to focus on other tasks such as pension payroll and retirement quotations.

It will also make it harder for individuals to be targeted by scammers, who prey on the vulnerable in times of crisis, and to prevent rash financial decisions being made as a result of concern over the spread of the virus.

The guidance from TPR states that, where absolutely necessary, employers and scheme trustees could place pension funding payments on hold and delay submission of recovery plans where such information is currently expected by the regulator.

Guidance released a week earlier stated that a suspension or reduction in the contributions to DB plans "may be appropriate" but this has since been altered to state that trustees "should be open" to requests of this nature.
The Financial Adviser reported that the executive director of policy at TPR, David Fairs, said:

"The significant measures and clear guidance we are announcing reflect the unprecedented and challenging situation trustees and employers find themselves in.

The current scheme funding regime is flexible enough to cope with the impact of a severe economic downturn. However, we are actively considering what additional support and guidance we need to provide now so that those who

manage and contribute to people's savings can take the right steps to ensure adequate protection, recognising the challenging situation some scheme sponsors are in.

We will continue to take a reasonable, pragmatic and proportionate approach in the weeks and months ahead and we call on trustees to follow the guidance closely to make well balanced decisions."

Back to ***Contents***

Pensions Dashboard

Pensions dashboard back on track

6 September 2018

After a period of uncertainty Work and Pensions Secretary Esther McVey has backed the pension industry to deliver the pensions dashboard which was initially set to be launched in April 2019.

It was back in July when Esther McVey first expressed her concerns about the project as she felt that it would distract from the government's attempt to implement Universal Credit and should not be provided for by the state.

Yesterday Mcvey said *"The pensions landscape is transforming and the dashboard offers a great opportunity to give people straightforward access to their pension information in a clear and simple format – bringing together an individual's savings in a single place online.*

It's clear there is broad support for the concept of a dashboard and its potential to empower those putting money away for their futures.

By taking a leading role, and harnessing their knowledge, industry can develop a dashboard that works for pensions holders – and government will help facilitate this."

A petition to save the dashboard has over 180,000 signatures

The Department for Work and Pensions said a feasibility study will be expected in due course.

Read more from Pension Age.

Back to ***Contents***

---

20 major providers discuss taking the Pensions Dashboard forward

21 September 2018

A meeting of minds was convened to discuss how the industry might deliver the Pensions Dashboard, 'facilitated by Government', as per the statement from the Secretary of State for Work and Pensions.

Organised by Origo - thought-leaders and developers of a Pensions Dashboard prototype who recently undertook scaled testing of its technology to 15 million citizens – a meeting took place this week with senior decision makers from over 20 major pension providers and administrators. They came together to discuss how the Pensions Dashboard could be made a reality, focusing on giving every UK saver access to the information required to make informed retirement planning decisions.

The meeting focused on examining the viability of an industry approach where the citizen is at the heart of the solution and represented the collective desire of those in attendance to take the Dashboard forward.

Key points arising from the meeting included:

1. The importance of DWP concluding and publishing its Feasibility Study as a matter of urgency. This will ensure that industry has a complete understanding of the practicalities of Government 'facilitation'.
2. The importance of doing this within a suitable governance structure which should be established quickly. All participants want to see governance properly addressed. Discussions explored industry views on shape and size of the governance function and the expectations in respect of costs.
3. A requirement for Government to legislate to ensure the whole industry is fully compelled to participate. A firm stance on compulsion is required for the initiative to be successful for consumers.

Anthony Rafferty, Managing Director of Origo, said:

"With Government willing to back the industry to take the Dashboard forward, and while we await the Department for Work and Pensions' Feasibility Study due out any time now, the industry has come together to discuss the issues at a practical and realistic level.

Whilst there has been a strong message that government involvement is crucial, it has been a day of interesting presentations, discussion and debate and I am very much encouraged by the level of enthusiasm, commitment and drive amongst the industry members present to get the Dashboard up and running and serving consumers as quickly as possible.

I will be updating the DWP on the key discussions and will provide Origo's perspective on the practicalities of delivering the Pensions Dashboard.

As requested, I will also write to the Chair of the House of Commons Work and Pensions Committee to outline the progress we have made thus far.

Origo has the track record of leading successful collaborative industry projects for the benefit of consumers, as well as wide-spread trust to help lead the timely delivery of a world-class, secure, reliable and cost-effective technological solution. We are absolutely committed to the delivery of the Pensions Dashboard which we believe is an important catalyst for engaging consumers with their pensions."

Back to ***Contents***

Green light for Pensions Dashboards in 2019

8 April 2019

Pensions dashboards which will revolutionise retirement planning have been given the green light by the Work and Pensions Secretary, with initial industry models expected this year.

Amber Rudd has unveiled proposals to support industry to deliver free, user-friendly services showing people their pensions information online.

Savers will be in the driving seat with all the facts and figures about their pensions and potential retirement income at their fingertips in one place for the first time - on smartphones, tablets and computers.

The Government has published its response to the consultation on pensions dashboards which includes the key details of its plans, which include:

- a commitment to bring forward legislation at the earliest opportunity to compel all pension providers to make consumers' data available to them through a dashboard
- an expectation that the majority of schemes will be ready to 'go live' with their data within a 3 to 4 year window
- confirmation that State Pension information will be included as soon as possible
- dashboards will help to reconnect people with 'lost' pension pots, benefitting savers and providers

Ministers support the development of multiple industry-led dashboards displaying the same basic information. Industry have told government that initial models will be developed and tested from this year. A non-commercial dashboard will be delivered and overseen by the new Single Financial Guidance Body (SFGB).

An industry delivery group will be brought together by the SFGB which will set out a clear timetable and roadmap to drive progress towards fully operational dashboards, setting standards and ensuring security to protect users and their information.

It is anticipated that the delivery group should be fully operational by the end of the summer of 2019.

Further information
Government response to the consultation on pensions dashboards

Back to ***Contents***

Money and Pensions Service appoints principle to drive Pensions Dashboard forward

6 June 2019

Chris Curry has been appointed as Principal of the Pensions Dashboard Industry Delivery Group and will focus on making sure that all Dashboards are consistent, easy-to-use and contain all the information people need in order to feel confident and informed in engaging with their pensions.

Pensions Dashboards will ensure people throughout the UK have easy access to key information about what pensions they have, who manages them and what they are worth, revolutionising how people engage with their pensions throughout their lives.

Following the Department for Work and Pensions feasibility study and consultation on pension dashboards, the Money and Pensions Service (MAPS) has been asked to take a leading role in delivery. MAPS will lead the delivery of the initial phase of the pensions dashboards and will bring together a delivery group made up of stakeholders from across the industry, consumer groups, regulators and government. The delivery group will be accountable to the MAPS board, and MPAS are in turn accountable to the Department for Work and Pensions (DWP).

MAPS recently announced the appointment of Chris Curry as Principal of the Pensions Dashboard Industry Delivery Group.

Chris Curry brings valuable expertise and insight as the Director of the Pensions Policy Institute, as well as working on important projects such as the DWP Auto-Enrolment Review Advisory Group in 2017, where he was co-chair and led on providing advice on the theme of Contributions.

The first task of Chris Curry as Principal for the Pensions Dashboard, will be to establish the Industry Delivery Group, formed of stakeholders from across the pensions sector.

The Industry Delivery Group will work to develop the data standards and other criteria that any Pensions Dashboard will need to meet. A focus of this work will be to make sure that all Dashboards are consistent, easy-to-use and contain all the information people need in order to feel confident and informed in engaging with their pensions.

Progressing the Business Case is a priority for 2019, as well as developing a clear timeline for delivering the final Dashboard digital infrastructure.

In parallel the Money and Pensions Service will begin work to design, test and build a consumer facing dashboard, working closely with the IDG. It's vital that extensive user testing will feed into the data and other standards work that the IDG will be developing for all dashboards.

Back to ***Contents***

Get involved with the Pensions Dashboards Working Groups

4 September 2019

The Pensions Dashboards Industry Delivery Group (IDG) is looking for experts to join several subsidiary working groups.

The Pensions Dashboards IDG came about as the result of the Department for Work and Pension's feasibility study and consultation on pension dashboards and was introduced to lead the delivery of initial phase of the pensions dashboard programme.

The IDG is an independent group which is responsible for developing the required data standards, technology and governance to enable pensions data to be made available via multiple dashboards delivered by the industry, as well as one delivered by the Money and Pensions Service.

The IDG is forming a steering group and working groups bringing together representatives from a range of sectors:

- Pensions
- Financial technology (fintech)
- Financial services
- Consumer groups
- Regulators, and
- Government.

If you think you have the relevant skills and practical expertise to input into the design, build and run of the whole pensions dashboards service proposition, click here to find out more and how to get involved.

Back to ***Contents***

Pensions dashboard steering group announced

30 September 2019

The Money and Pensions Service (Maps) has named the ten members of the pensions dashboard steering group that will work on the practicalities of establishing the product and making them available for use by the general public.

Pensions dashboards will ensure people throughout the UK have easy online access to key information about what pensions they have, who manages them and what they are worth in one place, revolutionising how people engage with their pensions throughout their lives.

Representing the interests of consumers and stakeholders within the pensions, financial services and fintech sectors, the new steering group will support the work of the Industry Delivery Group (IDG) which has been established within the Money and Pensions Service to take forward the creation of the technology that will enable dashboards.

The IDG followed a robust selection process, with applicant asked to provide written submissions demonstrating their expertise against selection criteria, as well as testimonials proving their leadership in the field.

For further information and to find out who the members of the steering group are, visit the Maps website.

Back to ***Contents***

New research reveals widespread acceptance of government-backed pensions dashboards

9 October 2019

Ipsos Mori have published research that favours the introduction of pension dashboards, - tools designed to present a clear and concise picture of an individual's pension investments, with the inclusion of their state pension allowance, all

consolidated in one place. A staggering two-thirds of respondents felt that they would be a useful financial monitoring tool and this positive response was particularly prevalent within the younger demographic.

Most support was shown for the tool being government-backed as only 47% of responders stated that they would be worried about the security of their data in this scenario, as opposed to a staggering 65% who would have the same fears should a private company run the dashboards. The issue of data security along with the accuracy and transparency of information were a few of the concerns surrounding potential pension dashboards, with scepticism towards the idea of companies attempting to use the dashboards as a platform to advertise and coerce people into buying goods.

The results show that 29% of respondents had more than one pension and that those with multiple pension schemes were concerned about locating details for all of their pensions, both current and historic. There were understandably higher levels of support for the dashboards amongst these people and from those who had regularly moved jobs, resulting in a plethora of pension schemes.

The government formulated a response to the consultation on pensions dashboards back in April 2019 and there is yet to be a date announced for the official introduction of the tools.

Back to ***Contents***

Pensions Dashboards unlikely to be delivered this year

7 January 2020

Former Pensions Minister, Steve Webb, has advised that it is highly unlikely that the eagerly anticipated pensions dashboards, as referenced in the Queen's Speech, will be delivered this year.

The implementation of the dashboards has fierce industry-wide and government backing but the complex technology behind it is unlikely to be delivered "any time soon" according to Sir Webb. Due to the general election that took place in December, the legislation, laid out within the Pension Schemes Bill, has been delayed which has meant that the ambition of the 2016 Budget to design, fund and launch pensions dashboards by 2019 has sadly not been realised.

As reported by Pensions Expert, Sir Webb did confirm that he believes that the Pension Schemes Bill will be revisited in 2020, with significant focus placed on the creation of pensions dashboards, but that the primary legislation could take most of 2020 to reach the statute book. This could then be followed by a long period of consultation on regulations and secondary legislation to lay out the requirements of providers and the industry in general, along with discussion surrounding the functionality and appearance of the dashboards. He said:

"One of the main measures in the pensions bill will be legislation to implement the long-awaited pensions dashboard. The main measures require pension schemes and pension providers to supply data to the dashboard, as well as making it possible for state pension data to be displayed as well. But we should not expect to see a comprehensive dashboard any time soon.

Once the legislative work is complete, we are likely to see an early batch of data loaded on to the dashboard, mainly from more modern automatic-enrolment schemes offered by insurers and master trusts.

After this, it is likely to be several more years before a lot of the older data from company and private pensions will be visible on the dashboard. But 2020 should at least give confirmation that the project is going ahead and enable the whole industry to focus on delivering it."

Back to ***Contents***

Tax Agents and Advisers

HMRC publish Agent Update 70

26 February 2019

This latest Agent Update issue features a new section on EU Exit, with articles on preparing businesses for EU Exit and training and support for customs intermediaries.

The Agent Update is published by HMRC as part of its Working Together programme for Agents and provides a wide range of updates that span all tax types.

Top articles in Agent Update 70 include:

- disguised remuneration loan charge reporting requirements and the need to take action to settle clients' schemes by 5 April to avoid loan charges
- student loans – the importance of taking the correct action to start or stop student loan deductions
- HMRC unannounced visits – a reminder that these do take place

You can also catch up with the latest news on Making Tax Digital and the Working Together section includes an update on the Issues Overview Group and the recent issues raised on the Agent Forum…

…plus much, much more. Agent Update 70 can be read in full at GOV.UK.

Back to ***Contents***

The role of agents in supporting small and mid-sized businesses

28 March 2019

HMRC is currently working with an independent research agency to carry out a study with small businesses, mid-sized businesses and tax agents to find out what businesses expect, need and want from both agents and HMRC.

From February to June 2019, HMRC will be working with an independent research agency, Kantar Public UK.

You may receive a letter form Kantar Public informing you of the research, and a telephone call inviting you to take part in an interview lasting approximately 45 minutes.

Participation in this research is voluntary. If you choose to take part, all of your answers will be confidential.
Any information you provide will be used for research purposes only.

If you are ever concerned about whether contact from HMRC is genuine, there is a list on GOV.UK of digital and other contact issued from HMRC which is kept regularly updated. It also includes information on how to tell if an email is fraudulent and bogus websites.

Current list of digital and other contact issued from HMRC

Back to ***Contents***

HMRC Agent Update 71

10 April 2019

Agent Update 71 is available now and contains the latest articles, updates, help and support for the entire agent community.

The Agent Update is published by HMRC as part of its Working Together programme for Agents and provides a wide range of updates that span all tax types.

Articles in the latest update include information about:

- Apprenticeship levy funds transfer limit to increase in April 2019
- Extension of Non-resident Capital Gains Tax on UK property or land
- P11D and P11D(b) for the tax year 2018 to 2019

You can also catch up with the latest news on Making Tax Digital and the Working Together section includes an update on the Issues Overview Group and the recent issues raised on the Agent Forum…

…plus much, much more. Agent Update 71 can be read in full at GOV.UK.

Back to ***Contents***

Income Tax losses toolkits for Agents

26 April 2019

HMRC has updated the Agent toolkit for 'Income Tax losses' for tax agents or advisers who have clients with Income Tax losses to declare on Self-Assessment tax returns.

This Income Tax losses toolkit is aimed at helping and supporting tax agents and advisers by providing guidance on the errors HMRC find commonly occur in relation to Income Tax Losses. It may also be helpful to anyone who is completing an Income Tax Self-Assessment tax return.

The risks in this toolkit have been reviewed and updated where necessary for 2018-19 and are applicable for financial years commencing 6 April 2018 for Income Tax Self-Assessment tax returns.

For further information on using the toolkit see Tax agents toolkits

Back to ***Contents***

Agent Toolkits Refresh Programme 2019

13 May 2019

Did you know that HMRC have 20 agent toolkits available for you to download and use?

The tax agent toolkits are a free online resource, aimed at helping you to avoid the most common errors which are seen in filed returns by HMRC.

The toolkits are updated each year to reflect any changes coming in and contain:

- a checklist to help identify the key areas errors often occur
- explanatory notes which identify the underlying types of error, how to avoid them and a brief outline of the tax treatment
- links to relevant online guidance

Toolkits are also updated each year for any changes coming from the relevant Finance Act.

In April 2019 HMRC refreshed the following toolkits:

- Expenses and benefits from employment
- National Insurance contributions and statutory payments
- Capital Gains Tax for land and buildings
- Capital Gains Tax for shares
- Capital Gains Tax for trusts and estates
- Trusts and estates
- Income Tax Losses
- Private and personal expenditure

Go to GOV.UK to access the full range of tax agent toolkits

Back to ***Contents***

Webinar help and support for tax agents and advisers

28 May 2019

If you are an agent you can get help from HMRC in the form of topical online live or recorded webinars.

Interactive online webinars, known as talking points, can last up to an hour and there is a huge list of 'catch up' webinars that you can watch if you have missed something you were interested in. These recordings are available at a time to suit you, but some may only be available for a short period of time – so make sure you don't miss out.

The HMRC complaints process
3 main topics were focused on in this webinar in relation to complaints handling in HMRC:

- feedback from the last webinar – agents use of a HMRC complaints iForm
- complaints handling process in HMRC
- how HMRC use feedback from customer complaints, Adjudicator's office and Parliamentary and Health Service Ombudsman to improve services for customers.

Register and view

An Introduction to Research and Development Tax Relief
This webinar gave agents and companies an overview of Research and Development Tax Relief and covered:

- the Small Medium Enterprise (SME) scheme
- the Research and Development Expenditure Credit (RDEC) scheme.

Register and view

Making Tax Digital – your Agent Services Account
This webinar provided an interactive, step-by-step guide to setting up your Agent Services Account - Register and view

Cryptoassets (also known as cryptocurrencies) and HMRC
Cryptoassets continue to evolve and remain in the public eye. Following the recent release of guidance this webinar considered the view of cryptoassets from a HMRC perspective and how tax rules apply - Register and view

Capital Allowances Plant & Machinery
This webinar gave agents the step-by-step approach to applying Capital Allowances legislation to claims for Plant & Machinery Allowances - Register and view

An Intermediate Guide to the Enterprise Investment Scheme (EIS)
This webinar gave an in depth look at the EIS, from both a company and individual perspective. It also provided an insight from the Venture Capital Relief Team on procedural aspects of the EIS - Register and view

Live, Interactive Talking Points

HMRC run live, interactive Talking Points webinars on a regular basis. If you would like to join or simply view other Talking Points recordings, go to GOV.UK and see what's available.

Back to ***Contents***

HMRC publish Agent Update 72

14 June 2019

Agent Update 72 is available now and contains the latest articles, updates, help and support for the entire agent community.

The Agent Update is published by HMRC as part of its Working Together programme for Agents and provides a wide range of updates that span all tax types.

Articles in the latest update include information about:

- P11D and P11D(b) filing and payment deadlines
- helping clients prepare their workforce for EU Exit
- student/postgraduate loan notices
- tax-free childcare and high income child benefit charge
- VAT: building and construction services reverse charge
- disguised remuneration loan charge

You can also catch up with the latest news on Making Tax Digital and the Working Together section includes an update on the Issues Overview Group and the recent issues raised on the Agent Forum…

…plus much, much more. Agent Update 72 can be read in full at GOV.UK.

Back to ***Contents***

Talking Points for Tax Agents

26 June 2019

HMRC's regular Talking Point webinars provide ongoing information, guidance and tips for Tax Agents and Advisers to help understand tax issues.

To follow is a list of the Talking Points webinars coming up over the next few weeks. There are a limited number of spaces, so save your place now.

PAYE Expenses & Benefits (P11D): This webinar has been designed to provide examples of the most common entries on the end-of-year expenses and benefits return. HMRC subject matter experts will be online during the webinar to take your questions.
Wednesday 26 June – midday to 1pm

An overview of the Seed Enterprise Investment Scheme (SEIS): This webinar will focus on the SEIS application procedure for companies, key aspects of legislation to be aware of, how investors claim SEIS relief and common errors made by companies and investors.
Thursday 27th June – 2pm to 3pm

Basis Periods: During the webinar HMRC will focus on basis periods, looking at the different rules that apply to commencement years, the effect on a basis period when there is a change of accounting date and overlapping periods. It will also look at some pointers when dealing with changes, for example, from sole trader to partnership.
Friday 28 June – 2pm to 3pm

Negligible Value Claims & Share Loss Relief: This webinar looks at certain conditions that must be met for your clients to claim an asset has become of negligible value. It will also give an overview of share loss relief.
Thursday 11 July – midday to 1pm

The Disguised Remuneration Loan Charge – reporting requirements and compliance: This webinar will give an overview of the loan charge reporting requirements for those who are subject to the loan charge. It will also look into some of the compliance activity associated with the loan charge.
Friday 12 July – midday to 1pm

Making Tax Digital – your Agent Services Account: This webinar will provide the latest information, including the new Agent Services Account and signing clients up to Making Tax Digital.
Monday 15 July – 10am to 11pm
Monday 15 July – 2pm to 3pm

Capital Allowances and Vehicles: This webinar is aimed at your sole trader clients and provides an overview of the special rules for cars.
Friday 18 July – midday to 1pm

If you have any questions for HMRC subject experts, you can send an email prior to the webinars, including the title of the meeting in the 'Subject' line of your email.

These interactive webinars will be run on the 'GoToWebinar' platform. The organiser will run through how to ask questions on the day.

Feedback received from a recent Talking Points webinar indicates that many agents would recommend them to colleagues.

If you have missed any of the earlier Talking Points webinars, you can watch the recordings here.

Back to ***Contents***

HMRC webinar on disguised remuneration and the loan charge

3 July 2019

Repeat from 3 July

HMRC is running a webinar on 12 July about disguised remuneration and the loan charge. It's been designed to help people understand what their reporting requirements are under the loan charge legislation.

Pensions regulator

This webinar will be useful to tax agents and anybody else who has an interest in disguised remuneration. To find out more and to join the webinar on 12 July at midday, you can sign up and register here.

Back to ***Contents***

Agent Toolkit Annual Refresh

2 August 2019

HMRC produce a total of 19 toolkits for the agent community their aim being to help agents and employers avoid many of the more common filing errors.

The toolkits span a wide range of subjects and are periodically updated to make corrections and take account of changes brought in with a new tax year. The Tax Agent Blog updates tax agents when the latest versions are available.

Each toolkit will include:

- a checklist to help identify the key areas errors often occur
- explanatory notes which identify the underlying types of error, how to avoid them and a brief outline of the tax treatment
- links to relevant online guidance

The Expenses and Benefits from Employment toolkit was recently refreshed to make clear that PAYE Settlement Agreements (PSA's) are now enduring and therefore do need to be renewed annually.

Back to ***Contents***

HMRC Talking Points

6 August 2019

HMRC's regular Talking Points provide information, guidance and tips to help you to understand tax issues. Statutory Sick Pay is on the webinar agenda for 22 August.

There are a limited number of spaces on the following webinars, so save your place now.

Making Tax Digital – your Agent Services Account: This webinar will provide the latest information, including the new Agent Services Account and signing clients up to Making Tax Digital.
Choose a date and time – Wednesday 14 and Thursday 29 August

Income from Property Part 1: This webinar looks at restricting finance cost relief and the cash basis eligibility and computational rules. Friday 9 August – midday to 1pm

Income from Property Part 2: This webinar looks at some of the main expenses and deductions, allowances and reliefs. Friday 9 August – 2pm to 3pm

---

New VAT reverse charge for construction services: Do you have clients who provide building services? If so, they could be affected by this reverse charge. This webinar will discuss how their cash flow may be impacted and what they need to do to prepare. Wednesday 21 August – midday to 1pm

---

VAT Flat Rate Scheme: This webinar covers:

- what the Flat Rate Scheme is
- limited cost business and how to check if this applies to you
- how to keep VAT records
- how to fill in the VAT Return.

Thursday 22 August – midday to 1pm

Statutory Sick Pay – what needs to be considered when an employee is sick: This webinar will include:

- the qualifying conditions
- what happens when an employee is not entitled to Statutory Sick Pay
- how to pay Statutory Sick Pay.

Thursday 22 August – 2pm to 3pm

Catch up on HMRC Talking Points
All the latest webinar listings, including recorded webinars, are available on GOV.UK as part of help and support for tax agents and advisers.

Back to ***Contents***

HMRC publish Agent Update 73

19 August 2019

Agent Update 73 is available now and contains the latest articles, updates, help and support for the entire agent community.

The Agent Update is published by HMRC as part of its Working Together programme for Agents and provides a wide range of updates that span all tax types.

Articles in the latest update include:

- Class 1A NICs payable on Termination Awards and Sporting Testimonial Payments
- Gift Aid
- Student loans
- High Income Child Benefit Charge
- Self Assessment Returns
- Temporary Increase in the Annual Investment Allowance
- Off-payroll working rules from April 2020
- Reporting PAYE in real time
- Welsh Rates of Income Tax
- Seasonal workers
- Fifth Anti Money Laundering Directive Update
- Good Work Plan

You can also catch up with the latest news on Making Tax Digital and the Working Together section includes an update on the Issues Overview Group and the recent issues raised on the Agent Forum…

…plus much, much more.

Agent Update 73 can be read in full at GOV.UK.

Back to ***Contents***

HMRC publishes Agent Update – Brexit Edition

18 September 2019

HMRC has published a Brexit edition of Agent Update containing a range of information and support to help agents and their clients get ready for Brexit.

This latest edition contains information about:

- Brexit communications resources
- Grants for businesses completing customs declarations
- HMRC Brexit webinars
- Changes for UK employers sending workers to the EU, the EEA or Switzerland
- Transitional Simplified Procedures
- Merchandise in baggage

Claims for VAT on business expenses after Brexit

Read the CIPP's Brexit factsheet for more information about how Brexit may impact you.

Back to ***Contents***

HMRC publish Agent Update 74

25 October 2019

Agent Update 74 is available now and contains the latest articles, updates, help and support for the entire agent community.

The Agent Update is published by HMRC as part of its Working Together programme for Agents and provides a wide range of updates that span all tax types.

Articles in the latest update include:

- Changes for UK employees and self-employed working in the EU, the EEA or Switzerland
- Ultra-Low Emission Vehicles and World Harmonised Light Vehicle Test Procedure company car tax changes
- Changes to the Short-Term Business Visitors (STBVs) special arrangement under Regulation 141
- Employment Allowance reform – eligibility rules for the Employment Allowance are changing
- PAYE Settlement Agreements and Welsh rate of Income tax
- Are your clients operating the right tax code for their employees?
- Termination payments: PENP for employees paid by equal monthly instalments
- VAT reverse charge for building and construction delayed for 12 months
- Tax Relief on Research and Development Projects
- Disguised remuneration – Independent review of the loan charge
- Changes to Business Risk Reviews for Large Business customers from 1 October 2019
- Student Loan

You can also catch up with the latest news on Making Tax Digital and the Working Together section includes an update on the Issues Overview Group and the recent issues raised on the Agent Forum.

The content list is not exhaustive and there are many other areas of interest discussed in the latest edition of the Agent Update.

Agent Update 74 can be read in full at GOV.UK.

Back to ***Contents***

HMRC publish Agent Update 75

6 December 2019

Agent Update 75 has just been published and combines the latest updates, information and support for the entire agent community.

The Agent Update is published by HMRC as part of its Working Together programme for Agents and provides a wide range of updates that span all tax types.

Articles in the latest update include information about:

- Preparing to send the 20-21 Annual Tax on Enveloped Dwellings return online for clients and what to expect from a statutory review
- Non-resident company landlords and Corporation Tax
- How we tax Offshore Investment Funds
- Information on a new capital allowance – Structures and Buildings Allowances.

You can also catch up with the latest news on Making Tax Digital and the Working Together section includes an update on the Issues Overview Group and the recent issues raised on the Agent Forum…

…plus much, much more. Agent Update 75 can be read in full at GOV.UK.

Back to ***Contents***

HMRC publish Agent Update 76

14 February 2020

Agent Update 76 has just been published and combines the latest updates, information and support for the entire agent community.

The Agent Update is published by HMRC as part of its Working Together programme for Agents and provides a wide range of updates that span all tax types.

The Update echoes a substantial amount of information provided in the recently released Employer Bulletin for February 2020 but there are a number of other relevant articles to read up on.

There is information relating to the changes to the Short-Term Business Visitors (STBVs) special arrangement from 6 April 2020, including information on how to join Appendix 8 or how to cease the special arrangement. There is also news relating to the changes of coding-out of debt via Self-Assessment and how HMRC will begin to amend tax codes to collect debt automatically from March 2020, as opposed to waiting until the 6 April following the notification letter sent to employees to recoup debt via tax codes.

There is also a very timely reminder, ahead of Valentine's day, that married couples can claim the Marriage Allowance, subject to certain criteria and that this benefit has recently been extended to civil partnerships, due to changes in the law.

Articles in the latest update include information about:

- Future relationship with the EU
- Disguised remuneration – Independent review of the loan charge: what it means for your clients
- Capital Gains Tax Payment for Property Disposals
- Research and Development Claims
- Diesel Supplement Company Car Tax Exemption changes
- Ultra Low Emission Vehicles
- Sending your client's 2020-21 Annual Tax on Enveloped Dwellings (ATED) return
- Reminder – Changes to the Short-Term Business Visitors (STBVs) special arrangement under Regulation 141
- Help us to improve the Corporate Interest Restriction Return
- Student and Postgraduate Loans
- Changes to the coding-out of debt via Self Assessment
- New National Minimum Wage rates announced
- Marriage Allowance
- Reporting expenses and benefits
- Reporting final PAYE submissions
- Preparing for changes to the Employment Allowance
- National Insurance rates and thresholds for tax year 2020-2021
- Class 1A liabilities payable on Termination Awards, Sporting Testimonials and Sporting Testimonial Payments come into effect from 6 Aprill
- Corporation Tax
- Off-payroll working rules from April 2020
- Parental Bereavement Leave and Pay
- Admin Burden Advisory Board (ABAB) – Tell ABAB Survey
- Booklet 480 available online

This edition is absolutely crammed with need to know material, so we thoroughly encourage you to read it in its entirety.

You can also catch up with the latest news on Making Tax Digital and the Working Together section includes an update on the Issues Overview Group and the recent issues raised on the Agent Forum…

…plus much, much more. Agent Update 76 can be read in full at GOV.UK.

Back to ***Contents***

Tax Avoidance & Evasion

Tackling tax avoidance, evasion and other forms of non-compliance

21 March 2019

Alongside the Spring Statement a policy paper was published setting out the government's approach and achievements in tackling tax avoidance, evasion and other forms of non-compliance.

This government has introduced over 100 measures to tackle tax avoidance, evasion and other forms of non-compliance since 2010 which, alongside HMRC's compliance work, have secured and protected an additional £200 billion in tax revenue which would otherwise have gone unpaid.

This success demonstrates the government's continued efforts to address tax avoidance, evasion and noncompliance in all its forms

The policy paper 'Tackling tax avoidance, evasion and other forms of non-compliance' outlines HMRC's strategy and approach to compliance for different taxpayers, details the government's record in addressing areas where risks of non-compliance have been identified and provides a summary of the government's record of investment in HMRC and its commitment to further action. The paper is split into three chapters:

1. HM Revenue and Customs' strategic approach
2. The government's approach to addressing tax avoidance, evasion and other forms of non-compliance
3. Investment in HM Revenue and Customs and a commitment to further action

Back to ***Contents***

Published details of deliberate tax defaulters

21 March 2019

Topping the bill in the latest list of deliberate tax defaulters is a payroll services company which has been charged just over £11.8 million in penalties for deliberating defaulting on over £16.4 million in tax payments.

Name	Business Trade or Occupation	Period of Default	Total amount of tax/duty on which penalties are based	Total amount of penalties charged
Universal Project Services Ltd	Payroll Services	1 Aug 2010 to 30 Apr 2014	£4,307,468.23	£4,651,333.75
Universal Project Services Ltd	Payroll Services	1 Jun 2010 to 31 May 2014	£12,141,429.84	£7,224,150.66
Totals			£16,448,898.07	£11,875,484.41

The list of deliberate tax defaulters has been updated with the latest penalties charged to those companies found to be falling foul of tax law. Go to GOV.UK to see the current list of deliberate tax defaulters.

Background
HMRC will publish details of those people who have received penalties either for:

- Deliberate errors in their tax returns

- Deliberately failing to comply with their tax obligations

HMRC may publish information about a deliberate tax defaulter where:

- HMRC have carried out an investigation and the person has been charged one or more penalties for deliberate defaults
- those penalties involve tax of more than £25,000

However, their information won't be published if the person earns the maximum reduction of the penalties by fully disclosing details of the defaults.

HMRC will publish enough information to identify the:

- Deliberate tax defaulter
- Penalties imposed for their deliberate defaults
- Amount of tax on which those penalties are based

HMRC will only publish this information once these penalties are final.

The law requires that any information about the person is not published for more than 12 months from the date it is first published, and the lists of deliberate tax defaulters won't be captured for the National Archives.

Back to ***Contents***

HMRC wins £40 million battle against tax avoidance promoters

1 April 2019

HMRC has won a legal case over tax avoidance scheme promoter Hyrax Resourcing Ltd which will help the tax authority collect over £40 million in unpaid taxes.

The victory over Hyrax means the promoter now has to disclose the details of their tax avoidance scheme to HMRC, along with the names and addresses of 1,180 high earners who used it.

If Hyrax fail to provide the required information to HMRC they could face a penalty of nearly £6 million, as well as £5,000 per day for not fully disclosing the scheme.

The scheme promoted by Hyrax was a disguised remuneration avoidance scheme which worked by paying scheme users in loans so they could avoid paying Income Tax and National Insurance on their earnings.

Scheme users were paid just enough to comply with the National Minimum Wage. The rest of their income was made up in loans which were transferred to an offshore trust in Jersey. The amounts received under loan agreements were not declared as income on the scheme users tax return, meaning they didn't pay tax on all their earnings.

The First-tier Tribunal agreed with HMRC that Hyrax Resourcing Ltd had not complied with the Disclosure of Tax Avoidance Schemes (DOTAS) rules, which requires promoters to tell HMRC about the schemes they sell.

The First-Tier Tribunal decision can be read online.

Back to ***Contents***

The 2019 loan charge comes into effect on Friday 5 April

4 April 2019

Help is available to people who used disguised remuneration avoidance schemes if they want to settle their tax affairs before the loan charge comes into effect. HMRC's message to anyone affected by the loan charge is to talk to them before the 5 April.

People who need to settle should contact HMRC now and send all the information required as quickly as possible, and by 5 April 2019 at the latest.

People can still benefit from the published settlement terms if they contact HMRC with a genuine intent to settle before 5 April 2019 and provide the relevant information, even if settlement cannot be reached until after that date.

How scheme users can settle
If a scheme user is already speaking to someone in HMRC about their use of a disguised remuneration scheme, they should inform them they want to settle their disguised remuneration tax affairs.

If they're not already speaking to someone at HMRC, they can contact us by emailing:

- cl.resolution@hmrc.gsi.gov.uk for contractor loan schemes
- ca.admin@hmrc.gsi.gov.uk for all other disguised remuneration schemes

There is full guidance for people who want to settle their tax affairs on GOV.UK, including information about what information they need to send by 5 April 2019, and how they can pay what they owe.

Difficulty paying what they owe
People don't need to pay the full settlement amount in one go or on 5 April.

If anyone has difficulty paying what they owe, we can help by spreading payments across a number of years. There is no maximum time period for payment arrangements. HMRC will not force anyone to sell their main home to pay their disguised remuneration debts.

Even if scheme users feel they cannot pay what they owe, they should still call HMRC as soon as possible.

Back to ***Contents***

Managed service company legislation (Spotlight 32)

2 May 2019

HMRC has won a case in the First-tier Tribunal (FTT) involving attempts to avoid PAYE Income Tax and Class 1 National Insurance contributions on employment income.

HMRC regularly publish 'Spotlights' which includes information you should be aware of about tax avoidance schemes that it believes to be live and widely available, to help those using them to avoid tax.

The latest 'Spotlight' is about a case where HMRC successfully argued that the managed service companies (MSC) legislation (Chapter 9 of Part 2 of the Income Tax (Earnings and Pensions) Act 2003 and equivalent National Insurance contributions legislation) applied to arrangements established and run by a third party - Costelloe Business Services Limited (CBS).

Following an appeal, the Upper Tribunal (UT) agreed with the original FTT decision that the appellant's companies were operating as MSCs.

In addition to the original decision, the UT considered 2 additional areas.

Firstly, the definition of a MSC provider as 'a person who carries on a business of promoting or facilitating the use of companies to provide the services of individuals'. This decision confirms HMRC's view that if the answer to both of the following questions is yes, a person is a MSC provider:

- does the person promote or facilitate the use of a company?
- does that company provide the services of individual?

Secondly, the UT decided that 'influences' or 'control' has a wider meaning than that expressed in the FTT decision. In this case, Costelloe Business Services Limited influenced how payments were made to workers through the use of a standard product, by causing the workers to receive wages and dividends instead of just wages.

When workers buy into such products, allowing the MSC provider to determine the amount to be paid as a dividend and to carry out the administrative steps to affect this, it amounts to 'control'.

A further appeal on 5 March 2019 resulted in the Court of Appeal (CoA) agreeing with the UT decision about the definition of an MSC Provider. The Court ruled that the "CBS was undoubtedly an MSC Provider and that the appellant's companies are undoubtedly MSCs".

Full details can be found in the latest Spotlight on GOV.UK.

Back to ***Contents***

Tax avoidance using loans or fiduciary receipts

14 May 2019

HMRC regularly publish 'Spotlights' which include information you should be aware of about tax avoidance schemes that it believes to be live and widely available, to help those using them to avoid tax.

This latest Spotlight contains information about a tax avoidance scheme that tries to disguise income and other taxable profits as loans or fiduciary receipts by using a remuneration trust.

This scheme claims to provide remuneration or profits free of tax, and is different to the scheme used by contractors referred to in Spotlight 33.

How the scheme claims to work
The scheme user contributes to a remuneration trust, with trustees based offshore. The scheme user could be a:

- self-employed individual
- partner in a partnership
- company or a company director

The remuneration trust is set up in a contrived manner and is claimed to provide benefits to individuals (beneficiaries), other than the scheme user. The alleged beneficiaries are individuals employed in the trade or profession of lending money.

The trustees take no action to identify or reward the alleged beneficiaries, because the trust contributions are always intended to be used by the scheme user.

As part of the scheme arrangements a personal management company is set up and controlled either by the scheme user or connected party supporting the scheme.

The money contributed to the remuneration trust is actually paid - often minus the 10% scheme fee - to the personal management company. This allows the scheme user full access to the funds.

How people are paid
The scheme user accesses the contribution to the remuneration trust through unsecured loans or fiduciary receipts from the personal management company. It is claimed to be tax free and on terms not available from high street lenders.

Interest and capital repayments on the loans are rarely made. The receipts from the personal management company are often used by scheme users as living expenses. In some cases, the scheme user decides how the money is invested by the personal management company.

The scheme is marketed by firms offering wealth management strategies. HMRC understands that scheme users are told that they will always remain in control of the funds.

Further information
Go to GOV.UK for full details about what to do if you are using the scheme and for further information.

Back to ***Contents***

HMRC webinar on disguised remuneration and the loan charge

3 July 2019

HMRC is running a webinar on 12 July about disguised remuneration and the loan charge. It's been designed to help people understand what their reporting requirements are under the loan charge legislation.

Disguised remuneration schemes are schemes which pay users their income in the form of loans. The loans were never intended to be repaid, so they are no different to normal income and are taxable.

The charge on outstanding disguised remuneration loans – known as the 'loan charge' - was introduced to tackle the use of disguised remuneration schemes and came into effect on 5 April 2019. The charge applies to all loans made since 6 April 1999 if they are still outstanding on 5 April 2019 and the recipient has not settled the tax due.

Since the loan charge was announced at Budget 2016, HMRC has agreed settlements on disguised remuneration schemes with employers and individuals worth more than £1 billion. Around 85% of this came from settlements with employers and 15% from settlements with individuals.

HMRC has always stated that these schemes, which seek to avoid tax and NICs, don't work and urged people to come forward and settle their tax affairs before the loan charge arose on 5 April 2019.

The webinar will look at what the loan charge means for those that are subject to it and associated compliance activity. Anyone who registers will be able to ask questions in advance and on the day.

There is further guidance on reporting and accounting the disguised remuneration loan charge on GOV.UK.

This webinar will be useful to tax agents and anybody else who has an interest in disguised remuneration. To find out more and to join the webinar on 12 July at midday, you can sign up and register here.

Back to ***Contents***

General Anti-Abuse Rule (GAAR) amendments

17 July 2019

The 2019-20 Finance Bill draft legislation includes a measure to introduce some minor technical and procedural amendments to the General Anti-Abuse Rule (GAAR) to ensure it operates effectively.

The 2019-20 Finance Bill draft legislation includes a measure to introduce some minor technical and procedural amendments to the General Anti-Abuse Rule (GAAR) to ensure it operates effectively.

The draft legislation outlines a new protective GAAR notice to replace the existing provisional counteraction notice (PCN). The new notice will enable HMRC to carry on its investigations beyond 12 months and mirrors the way normal tax enquiries work.

As a safeguard, taxpayers will be able to take their appeal against any proposed GAAR adjustment to tribunal 12 months after the protective GAAR notice is issued (reflecting the existing 12-month window during which appeals cannot be progressed whilst HMRC carries out its enquiries).

The changes will also confirm that where HMRC decides not to pursue the GAAR, cases can still be pursued using a technical non-GAAR argument, which has always been the intention of the legislation.

The new protective GAAR notice will have effect in relation to notices issued on or after the date of Royal Assent to Finance Bill 2019-20.

Draft legislation and the associated explanatory note and technical note (as announced at Budget 2018) can be found within the Technical and procedural amendments to the General Anti-Abuse Rule.

Back to *Contents*

Draft regulations: implementation of disclosable arrangements

26 July 2019

Draft regulations have been published which will require taxpayers and their advisers to report details to HMRC of certain cross border arrangements that could be used to avoid or evade tax.

At Budget 2018, the Government announced that it would introduce new rules requiring the disclosure of certain offshore arrangements and structures that could be used to avoid or evade tax. The Government is consulting on the draft Regulations which will implement an EU directive known as DAC 6 and will bring those rules into effect.

Background
In the last decade, the UK has collaborated with other governments around the world to introduce a range of measures to tackle offshore non-compliance. This includes the exchange of financial account data and information about the profits made, and taxes paid, by multinational corporations in different jurisdictions, which has helped HMRC to raise over £2.9bn by tacking offshore non-compliance since 2010. Alongside this, the UK has also introduced the Disclosure of Tax Avoidance Schemes (DOTAS) and Enablers of Tax Avoidance legislation, which require the promoters and users of tax avoidance schemes to provide HMRC with specific information about those schemes. All of this information helps HMRC to identify and challenge tax avoidance and evasion.

Despite these measures, HMRC continues to see evidence of companies and individuals entering into tax avoidance and evasion arrangements which are intended to reduce their tax liabilities, both in the UK and abroad, and arrangements intended to hide ownership of assets from tax authorities.

The UK has worked closely with other jurisdictions to find ways to effectively identify and tackle these kinds of arrangements. In particular, the government worked with the Organisation for Economic Cooperation and Development (the OECD), the EU Commission and other EU member states to introduce the Directive on Administrative Cooperation (DAC) in 2011, and the subsequent amendments to the DAC, which have introduced measures including the Common Reporting Standard and Country-by-Country reporting.

The latest amendment to the DAC is EU Directive 2018/822, commonly known as DAC 6, which entered into force on 25 May 2018. Member states are required to put in place legislation giving effect to the provisions of the Directive by 31 December 2019.

The Government is now consulting on draft Regulations to implement DAC 6. The Regulations will require promoters, intermediaries and taxpayers to report details of certain types of cross-border arrangements to HMRC, where those arrangements meet certain hallmarks or criteria. HMRC will share information received in these reports with other EU member states, who will in turn share reports they receive with HMRC. This will provide HMRC with early information about new schemes which could be used to avoid or evade tax, enabling timely compliance action to be taken.

The draft Regulations draw directly on definitions and concepts contained in DAC 6. This consultation document sets out the approach HMRC intends to take in interpreting DAC 6, and elaborates on how the rules will operate in practice. HMRC will provide guidance on DAC 6 alongside the finalised Regulations

The consultation sets out HMRC's current views on the various elements of DAC 6 and seeks your views to help it refine its interpretation of the Directive and understand how best to frame the guidance.

The consultation 'International Tax Enforcement: disclosable arrangements' closes at 11:45pm on 11 October 2019

Back to *Contents*

Tax avoidance using capital advances, joint and mutual share ownership agreements

1 August 2019

HMRC is aware of a number of schemes designed to avoid Income Tax and National Insurance contributions (NICs) through a combination of capital advances and complex offshore joint (or mutual) share ownership arrangements.

HMRC regularly publish 'Spotlights' which includes information to be aware of about tax avoidance schemes that it believes to be live and widely available, to help those using them to avoid tax.

The latest 'Spotlight' is about tax avoidance using capital advances, joint and mutual share ownership agreements (Spotlight 53).

How the schemes are claimed to work
Under the arrangements, a contractor becomes an employee of an umbrella company or a connected entity, such as an offshore company. The employee may sign a loan or capital advance agreement and a joint (or mutual) share ownership agreement, confirming how their salaries are to be paid, by the employer company.

The employee is paid through two separate payments, on a weekly or monthly basis. The first payment represents a nominal salary, resulting in payment of little or no Income Tax and NICs. The second payment may involve 'capital advances', paid in the form of weekly or monthly loans.

The employer company then carries out various share transactions, involving an offshore joint (or mutual) share ownership trust. These are said to result in financial gains for the employee. The shares may also attract a dividend for the employee. The employee has no direct involvement in the share transactions, but receives monthly or yearly summaries that show their outstanding loans have been repaid as a result of the capital gains and dividends.

Through this process, these schemes attempt to disguise an employee's earnings, which would ordinarily be subject to Income Tax and NICs. By using capital gains or dividends that attract other tax reliefs, the employer company attempts to avoid its tax liabilities as well.

These types of schemes are never approved by HMRC and employers and employees are likely to end up paying additional tax and interest and may be subject to penalties.

Full details can be found on GOV.UK about:

- What will happen if you use these schemes
- What this means for tax avoidance promoters
- What to do if you're using these schemes

Back to ***Contents***

Disguised remuneration: Independent loan charge review

13 September 2019

The Chancellor, Sajid Javid, has commissioned an independent review of the Disguised Remuneration Loan Charge. The loan charge remains in force during the review.

The Loan Charge was introduced to tackle contrived tax avoidance schemes where a person's income is paid as a loan and not repaid. The government is clear that disguised remuneration schemes don't work and their use is unfair to the 99.8% of taxpayers who did not use these schemes.

However, the government recognises that concerns have been raised about the Loan Charge policy as a mechanism for drawing a line under these schemes.

The independent review will be led by Sir Amyas Morse, former Chief Executive and Comptroller and Auditor General of the National Audit Office. The review will focus on the impact of the Loan Charge on individuals who have directly entered into disguised remuneration schemes.

The review will report and provide independent recommendations to the government by mid-November. While the review is ongoing, the Loan Charge remains in force, in line with current legislation.

The Terms of Reference for the independent loan charge review have been made available.

The government will consider and respond to the outcome of the Review once it has concluded.

Follow this link to find out what it means for you if you have used a disguised remuneration scheme and are affected by the loan charge.

Back to ***Contents***

Car park boss must repay HMRC almost £300,000 or face another three years behind bars

18 September 2019

A court has ordered that an airport car park boss must repay HMRC almost £300,000 or face another three years behind bars.

Brian Pearson, from Wilmslow in Cheshire was jailed for three years and two months in October 2017 after an HMRC investigation revealed he had failed to pay over more than £466,000 of his employees' income tax and National Insurance contributions (NICs) between April 2008 and November 2015.

Pearson ran MIA Secure Parking Ltd, a 'meet and greet' parking service based in Sharston, Wythenshawe, which later became UK Premier Parking Ltd. Both companies looked after cars for passengers flying mainly from Manchester Airport.

In March 2015 HMRC investigators raided Pearson's home and business addresses seizing records, computers, payroll books, employee and financial documentation. The seized payroll books were blank, but employee records and salary statements proved that Pearson was deducting income tax and NICs from up to 60 of his employees, none of which was paid over to HMRC. The £466,029 fraud was comprised of income tax totalling £258,909 and NICs of £207,120, arising from non-payment of PAYE employee contributions. Pearson was subsequently charged with tax evasion.

At a confiscation hearing at Manchester Minshull Street Crown Court last week, Pearson was ordered to repay £297,993 within three months, or spend another three years in prison and still owe the money. He now faces losing assets including a villa in Portugal, a personal pension and ISA savings.

Diccon Wood, assistant director, fraud investigation service, HMRC, said:

"Pearson lived the good life while stealing from his own workers as well as the public. His actions put him in jail for a considerable time."

Anyone who thinks they know someone who is committing tax fraud can report them by calling the HMRC Fraud Hotline on 0800 788 887.

Back to ***Contents***

HMRC to deploy more resources to tackle tax avoidance

29 October 2019

HMRC's director general of customer compliance, Penny Ciniewicz has confirmed that more resources will be assigned to tackle tax avoidance schemes throughout the UK.

She advised that there were currently over 100 ongoing investigations into the matter and that there were measures in place to identify, and then combat, anybody who actively promoted tax avoidance. There is a whole chain of parties

involved in these schemes and HMRC is committed to intercepting them, with potentially implicated individuals ranging from accountants and financial advisers to those who originally designed the schemes.

The Financial Adviser reported that Ciniewicz made the pledge at the recent Treasury select committee evidence session. She went on to say that one of the ways the Revenue is doing this is by monitoring "PAYE or real time information that might indicate people are getting involved in avoidance" and writing to customers to nudge them away from avoidance if HMRC thinks they may be getting into that space.

Ciniewicz was responding to questions from the committee about HMRC's controversial loan charge. The loan charge applies where people received remuneration under the guise of being a loan, but the loan was never intended to be paid back. This was done to avoid tax and National Insurance deductions being made resulting in the tax office treating them as tax avoidance and cases are being investigated dating back as far as 1999.

Although the loans were legal at the time, in the 2016 Budget the government confirmed it intended to ban the practice and have the tax repaid, and those affected by the policy were given an April 2019 deadline to settle or declare their tax bills and failing that would be levied the additional loan charge.

The controversial loan charge policy is currently subject to an independent review following months of pressure from MPs, taxpayers and campaigners. The CIPP reported on this back in September 2019.

HMRC has published guidance on how to manually calculate deductions due on the loan charge and explains the requirement to report the figures on an Earlier Year Update (EYU). It has also provided numerous publications surrounding the issue, including this helpful article which explains what the charge is, who it affects and how to settle the issue.

Back to ***Contents***

Loan charge review will only be reported to new government

8 November 2019

In a letter sent via email from MP Jesse Norman to Sir Amyas Morse, it has been confirmed that the independent review into the Loan Charge will only be submitted to the new government that is formed following the general election on 12 December.

Following the dissolution of Parliament on 6 November, Purdah rules apply which prevent certain government matters from being discussed prior to an election. The letter confirms that the review was originally due to conclude in mid-November, for presentation to the Chancellor of the Exchequer and the Financial Secretary to the Treasury accompanied by a set of recommendations. As no decisions can be made in the run up to an election, the findings will now be presented to the new government once it has been established.

The Loan Charge is an anti-tax-avoidance measure that was introduced in the Finance Act 2016 and relates to disguised remuneration schemes. The government announced the review of the loan charge back in September 2019 as the Chancellor wanted to investigate the impact it would have on any affected individuals. There is guidance available for those that have used a disguised remuneration scheme or anyone who thinks that they might be affected by the loan charge. It is important to remember that even amidst political uncertainty due to the general election, the loan charge remains in operation and people should continue to meet their legal obligations. This includes reporting the loan charge on tax returns by 31 January 2020, if applicable.

Back to ***Contents***

HMRC publishes draft legislation to implement the changes to the loan charge

22 January 2020

Further to the government's response to Sir Amyas Morse's review of the Independent Loan Charge, HMRC has now published the draft legislation relating to how the changes to the loan charge will be implemented.

The government accepted all but one of the review's recommendations, and the new guidance looks at how those recommendations will be put into action. There is no discussion of the recommendation relating to refunding certain voluntary payments in settlement agreements, but this will be handled separately.

The following changes to the loan charge have been confirmed, and information provided about how this will be managed:

- Only applicable to outstanding balances of disguised remuneration loans made between 9 December 2010 and 5 April 2019 (inclusive). It previously applied to loans made between 6 April 1999 and 5 April 2019
- Not applicable to loans made in tax years before 2016-17 where a reasonable disclosure of the use of a disguised remuneration tax avoidance scheme was made within the relevant tax return or, where appropriate, associated documents, and HMRC failed to act. Years 2016-17 onwards will still be in scope of the loan charge, regardless of whether or not HMRC has taken action to protect the year
- Anybody affected by the loan charge can opt to split their loan balance over three consecutive years – 2018-19, 2019-20 and 2020-21. Customers must elect to do this if this is how they wish to proceed and must provide full information in relation to their outstanding loans. This election cannot be withdrawn by the customer
- Late payment interest will not be charged for the period from 1 February 2020 – 30 September 2020 on any Self-Assessment liability if the return is filed and tax paid, or an arrangement is made with HMRC to do so, by 30 September 2020
- The date the additional form must be submitted to HMRC is now 1 October 2020 as opposed to 1 October 2019. The form requires customers to provide full information to HMRC in relation to outstanding disguised remuneration loans that they are required to make tax payments for

There is confirmation that the loan charge is aimed at tackling tax avoidance and ensures that those who used disguised remuneration schemes pay the necessary rates of tax and National Insurance (NI). The changes to the measures have been made in response to concerns raised in the review about certain elements of the loan charge. The measure will have effect retrospectively to 5 April 2019, which is the relevant date for the purposes of applying the loan charge.

It is anticipated that the measure will decrease receipts in relation to the loan charge and that the final costing will be analysed by the Office for Budget Responsibility and will be set out at Budget 2020.

It is suggested that in excess of 30,000 individuals will benefit from the changes to the loan charge, with 11,000 being removed from the loan charge altogether due to the revised inclusive dates and the arrangements made for those who have made reasonable disclosures. A further 21,000 will see a reduction in the amount of tax they owe because they can now split their loan balance over a three-year period. It is hoped that a reduction in tax liabilities will alleviate the financial pressure on affected individuals.

Employed individuals are advised to liaise with their employer to manage the payment of their tax through the PAYE process. It is predicted that some employees may have large tax deductions in the last month's pay each year for the three years.

For individuals who may still owe large amounts of money, there are bespoke arrangements in place that will help them to manage repayment of their tax debts.

For individuals who have any queries relating to the changes, the loan charge review team can be contacted at loanchargeconsultationresponses@hmrc.gov.uk.

Back to ***Contents***

Five arrests made in relation to suspected loan charge fraud

2 March 2020

Four men and one woman have been arrested on suspicion of fraud in connection with promoting arrangements designed to avoid paying the loan charge. The five individuals arrested will be interviewed under caution by HMRC officers, and a sixth woman will attend a voluntary interview, also under caution.

Officers are looking into several alleged offences, including conspiracy to cheat the public revenue, conspiracy to evade income tax and national insurance contributions, fraud by abuse of position and conspiracy to transfer, disguise and convert criminal property.

Over 100 HMRC officers seized computers, other digital devices and both business and personal records from business premises in the West Midlands, Northumberland, Buckinghamshire and Northern Ireland. Speaking on behalf of HMRC's Fraud Investigation Service, a spokesman said:

"Those that enable, promote or facilitate tax fraud are firmly in our sights and we currently have more than 200 such suspected enablers under criminal investigation.

We are keen to protect the public from those who devise and market fraudulent schemes which at best do not work and at worse mean that people could end up being involved in fraud.

People need to think extremely carefully before they enter into any scheme that claims to significantly lower your tax bill. If something looks too good to be true, then it almost certainly is. HMRC's advice is firmly to steer clear."

These interventions are the latest in a series where HMRC is targeting fraud offences associated with disguised remuneration tax avoidance schemes.

Back to ***Contents***

Returning NHS workers targeted by tax avoidance promoters (Spotlight 54)

1 April 2020

Individuals who are returning to the National Health Service (NHS) to help to respond to the outbreak of COVID-19 have been targeted by immoral promoters of tax avoidance schemes. HMRC is advising affected individuals to be wary of signing up to these schemes.

The schemes on offer all have common features, but they may be described in different ways. One consistent element will be that the scheme attempts to disguise the true level of earnings, which should be subject to Income Tax and National Insurance (NI) contributions.

The scheme will usually use an umbrella company, and the wages offered will consist of two separate payments:

- A first payment declared as earnings which is processed through the umbrella company payroll, ordinarily in line with National Living Wage (NLW) / National Minimum Wage (NMW) levels. This could also be a flat rate payment, for example, £100 a week
- A second payment, which the umbrella company states is not taxable. This could be described as a loan, annuity, shares, a capital advance involving mutual, joint or co-ownership, or a payment derived from a revolving line of credit facility, or some other non-taxable form

Some of the companies may provide ambiguous explanations as to how the schemes work, so the advice is to be alert to any companies that claim to use personal allowances more effectively, resulting in take home figures of anything between 80% and 85% of gross pay.

The payslips provided by the umbrella company may also look incorrect and might detail the first payment only and / or inaccurate deductions from pay.

When individuals are asked to sign documents other than their contract of employment, they should consider this very carefully, and should question any requests to sign separate agreements to receive loans, advances, shares, annuities or anything else not relevant to their work. This could result in tax avoidance, and individuals could owe tax and interest, as well as having to pay the relevant fees to the umbrella company.

If individuals believe that they are being offered this type of scheme, they should:

- Calculate the amount of tax they would ordinarily have to pay on their income, utilising HMRC's online tax calculator, to determine what their net take home pay should be after tax and NI deductions
- Request a breakdown of the deductions being made from the person offering the scheme, and check the amounts being charged, what the fees relate to and whether tax and NI deductions have been made
- Compare the two sets of figures to check whether the scheme on offer is legitimate and compliant

HMRC regularly publishes warnings relating to similar schemes, and previous Spotlights provide further details. Edition 53 gives further detail on how these schemes claim to work, and edition 45 outlines what to look out for in umbrella companies offering schemes that are tax avoidance. There is also further guidance on tax avoidance schemes aimed at contractors and agency workers.

HMRC are urging any individuals who are already using a scheme of this nature, to leave as early as possible and to settle their tax affairs. They should also contact HMRC immediately.

Back to ***Contents***

Chartered Institute of Payroll Professionals

The Chartered Institute of Payroll Professionals (CIPP) is the only Chartered Institute for individuals working in payroll in the UK, and has a dedicated pensions faculty for individuals responsible for pensions administration and management.

Representing over 6,500 members and students, as well as the payroll and pensions professions, the CIPP policy and research team attends government consultation forums to discuss potential changes to legislation and the impact on payroll and pensions in practice. This enables us to ensure that CIPP members and students are amongst the first to hear about changes, and have their say through consultation surveys and responses.

As well as providing access to information about proposed changes, the CIPP also provides our members and students with access to support and information to assist them in their career development, and ensure that they are efficient, effective and compliant in their roles, this includes:

- Advisory service helpline available Monday to Friday which will answer member queries relating to payroll and pensions
- legislation
- E-newsletter providing the latest news and developments straight to your inbox
- PayrollProfessional and TPF Insight magazines which feature news and case studies relating to payroll, pensions and HR
- Payroll factcard providing all of the key figures needed to run a payroll, whatever the frequency

If you would like to find out how membership of the CIPP can benefit you, or sign up for a free trial, please visit www.cippmembership.org.uk, email membership@cipp.org.uk or call 0121 712 1000

cipp

the chartered institute of payroll professionals

leading the profession

CIPP
Goldfinger House, 245 Cranmore Boulevard,
Shirley, Solihull, B90 4ZL
t. 0121 712 1000
f. 0121 712 1001
e. info@cipp.org.uk
cipp.org.uk

twitter LinkedIn Find us on: facebook

INVESTORS IN PEOPLE

bsi. UKAS MANAGEMENT SYSTEMS