PAYROLL: NEED TO KNOW

Your guide to UK payroll legislation and reporting

Produced by the CIPP policy and research team

2021-2022

As of 11 May 2021

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 *News Online.*

Using the index is easy – find your topic of interest and CTRL + click will take you straight 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

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Apprenticeships

New consultation on the creation of flexible apprenticeships published

21 April 2021

A new consultation has been launched, which requests views on how new flexi-job apprenticeship schemes could potentially work.

The flexible apprenticeship opportunities will be available to certain sectors, including the creative, agriculture and construction industries.

Apprenticeships last for a minimum period of 12 months, so some sectors which offer flexible employment patterns and short-term roles have found creating enough opportunities to be problematic.

Flexi-job apprenticeships were initially introduced by the Chancellor of the Exchequer, Rishi Sunak, within the Budget, delivered on 3 March 2021. The new flexi-job apprenticeships would mean that an apprentice would be able to work across a range of projects, with a variety of employers to gain the full skills and experience they require to complete the apprenticeship programme. As an example, an apprentice who worked within film, TV or theatre production would now have the opportunity to work on a variety of productions throughout their apprenticeship.

In July 2021, employers will have the opportunity to apply for a portion of the £7 million fund which will be made available to both create and test new flexi-apprenticeship schemes, with the intention of the first approved flexi-job apprenticeships commencing in January 2022. The £7 million will be available across the periods of 2021-22 and 2022-23.

The flexi-job apprenticeship consultation will close on 1 June 2021, after running for a period of six weeks. It requests views from employers, apprentices, sector bodies and existing apprenticeship training agencies.

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CIPP Policy & Research

Quick Poll results: 49% of companies use P11Ds to report taxable benefits

23 April 2021

The CIPP's latest Quick Poll addressed which process businesses use to report taxable benefits – do they use P11Ds, do they payroll benefits or do they use a combination of both?

The results highlighted that 49% of companies use the legacy process of submitting P11Ds to both employees and HMRC in relation to taxable benefits. 20% of respondents confirmed that they have chosen to process taxable benefits through the payroll in real time, whilst 31% stated that they use a combination of both.

The predominant reason for employers using a combination of both methods is because not all benefits can be processed via payroll. Elements such as employer-provided living accommodation and interest-free and low-interest loans cannot be processed via payroll, and still need to be recorded on P11Ds.

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New Quick Poll: supply chains

23 April 2021

The CIPP's Policy and Research team has published a new Quick Poll, which explores certain supply chains within companies.

The latest question asks:

"Does your business transfer staff, and the associated payroll responsibilities to another company, who provide the staff back to the business at a cost?"

We are aware that payroll professionals are extremely busy at present, but we really appreciate the feedback we receive, that often feeds into wider research. The latest Quick Poll should take less than a minute to respond to.

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CIPP survey: LPC minimum wage rates for 2022

26 April 2021

The CIPP's Policy and Research team will be submitting a formal written response to the Low Pay Commission's (LPC) consultation that centres on what the National Living Wage (NLW) and National Minimum Wage (NMW) rates should be from April 2022.

In order to collate your views, we have assembled a survey for you to complete, which will allow you to have your say and potentially shape the future of the NLW and NMW rates that will be applied next year. The survey will take approximately 15 minutes to complete, and we know how busy payroll professionals are, particularly at the moment, so we really appreciate any time and effort taken to contribute.

The survey invites feedback and opinions on:

- The impacts of coronavirus, in particular on both employers and workers in lower-paying sectors
- The affordability of the NLW rates proposed for 2022 and, in the longer-term, for 2024
- The intention of reducing the NLW age to 21 by 2024
- The effects of the NLW since it was introduced in April 2016

The survey will close at 23:45 on Friday 28 May 2021, so don't miss the opportunity to have your say.

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New Quick Poll: Checking CJRS Claims

4 May 2021

As the Coronavirus Job Retention Scheme (CJRS) is expected to close at the end of September 2021, we know that the next big activity from HMRC will be related to compliance, and checking the accuracy of claims submitted under the scheme.

In recognition of this, The CIPP's Policy team has launched a new Quick Poll to gauge how many of you – the payroll professionals – have had the capacity to check the claims that you have made, as we appreciate that you have all been particularly busy over the last year.

Additionally, for those that have been able to review their CJRS claims, have any of you identified mistakes? With payroll departments expected to deal with the business-as-usual tasks of ensuring workers were paid both accurately and on time, whilst grappling with the administration of a whole new scheme, it would not be surprising to hear that errors have been made.

The latest Quick Poll will take less than a minute to respond to, and feeds in to invaluable research on the topic of the measures implemented by the Government to support both individuals and businesses through the coronavirus pandemic.

Thank you in advance for your contributions.

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Survey reminder: LPC minimum wage rates for 2022

7 May 2021

The CIPP's Policy team has published a survey, which will help to shape the CIPP's formal response to the Low Pay Commission's (LPC) consultation on what the National Living Wage (NLW) and National Minimum Wage (NMW) rates should be from April 2022.

Open until 23:45 on Friday 28 May 2021, the survey should take roughly 15 minutes to complete.

We are aware that payroll professionals are especially busy at the moment, ensuring employees are paid both accurately and on time, with many still administering the Coronavirus Job Retention Scheme (CJRS), but this survey provides the opportunity for you to make your voice heard, and to feed in to research on the future of NLW and NMW rates.

The survey explores the impact of coronavirus, the affordability of the currently proposed NLW rates for 2022, the intention to reduce the NLW age to 21 by 2024, and more broadly, the effects of the NLW since its introduction back in April 2016.

We would like to thank you in advance for responding to our survey on the topic of minimum wage rates.

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Compliance

Understanding HMRC's compliance check process

6 April 2021

In order to assist individuals in understanding HMRC's compliance check process, a help and support page was published, and a series of YouTube videos were made available.

A new YouTube video has recently been added, entitled 'Help if you can't pay your tax bill', which provides an overview of how HMRC will support those who are unable to pay a tax debt.

All of the videos, including the most recently added one, can be accessed here, and the new video is number five on the playlist.

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Coronavirus (COVID-19)

HMRC coronavirus-related webinars

13 April 2021

As employers are still able to make claims through the Coronavirus Job Retention Scheme (CJRS), and can reclaim Statutory Sick Pay (SSP) for certain periods of coronavirus-related absence, HMRC is still offering several webinars on both topics.

CJRS webinar

Businesses have until 14 April 2021 to submit claims relating to the pay period of March 2021. The CJRS webinar includes information concerning:

- Who can claim
- Who can be claimed for
- How to calculate what can be claimed
- How to submit a claim

Anyone wishing to join the webinar can register here.

Coronavirus SSP Rebate Scheme webinar

The Coronavirus SSP Rebate Scheme webinar provides guidance on:

- Who can claim
- Who can be claimed for
- How to submit a claim
- What employers may be entitled to
- Record keeping requirements

Registration for the Coronavirus SSP Rebate Scheme webinar can be completed here.

There will be the opportunity to ask questions during these webinars, using an on-screen text box. There will also be the chance to download handouts which provide detailed examples and links to additional guidance.

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Further Treasury Direction published in relation to the SEISS

15 April 2021

HM Treasury published a further Treasury Direction and minor correction piece in relation to the fourth grant that will be available under the Self-Employment Income Support Scheme (SEISS).

Claims can be submitted from late April and will cover the periods of February, March and April. Workers who meet the qualifying criteria can claim 80% of average monthly profits, capped at £2,500 per month. The payment will be made in one lumpsum, so the maximum that can be received will be £7,500.

The document discusses:

- Introductory provisions
- Eligibility
- SEISS 4 payments

- General elements

The document also confirms that claims for the fourth grant must be submitted by no later than 1 June 2021.

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Coronavirus Job Retention Scheme (CJRS)

March CJRS claims deadline approaches

14 April 2021

The deadline for submitting claims relating to the period of March 2021 under the Coronavirus Job Retention Scheme (CJRS) is fast approaching, so payroll professionals should ensure that they send off the appropriate information within the correct timeframes.

Claims for March 2021 must be submitted by no later than 23:59 on 14 April 2021, and can be sent via the online portal here.

The amount that employers can claim remains at 80% of an employee's wages for any of the hours they would usually work that they spend on furlough, up to a cap of £2,500 per month. This will be the case for claim periods running up until the end of June 2021.

For the claim period of July 2021, the level of Government support will reduce to 70% of an employee's wages for any of the hours they usually work that they spend on furlough, up to a maximum of £2,187.50 per month. Employers will be required to contribute 10% at this point.

For August and September 2021 claim periods, employers can claim for up to 60% of an employee's standard wages, up to a cap of £1,875 per month. Employers will need to contribute 20%.

The scheme is then due to close on 30 September 2021.

A step by step guide is available for employers to help them with claiming for their employees' wages through the CJRS.

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Further Treasury Direction made in relation to the Coronavirus Job Retention Scheme

20 April 2021

The Treasury has published a further Direction in relation to the Coronavirus Job Retention Scheme (CJRS).

This allows the CJRS to be extended for the period commencing 1 May 2021 and ending on 30 September 2021. The schedule to the latest Direction provides for the tapering of the support in the claim periods of July, August and September 2021. Additionally, it extends the Real Time Information (RTI) cut-off date to 2 March 2021.

Claims for the period of May 2021 can be submitted from today (19 April 2021).

As a reminder, the upcoming deadlines for future claims is as follows:

Claim for furlough days in	Claim must be submitted by
April 2021	14 May 2021

Claim for furlough days in	Claim must be submitted by
May 2021	14 June 2021
June 2021	14 July 2021
July 2021	16 August 2021
August 2021	14 September 2021
September 2021	14 October 2021

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CJRS guidance updates – 22 April 2021

23 April 2021

Updates have been made to various guidance pages that discuss the Coronavirus Job Retention Scheme (CJRS).

Check which employees you can put on furlough to use the CJRS

Check if your employer can use the CJRS

Other types of employee you can claim for

The sections which discuss the other types of employees that claims can be submitted for have been updated to confirm that contractors who are in scope of the off-payroll working rules, who are engaged with either the public sector, or a medium-sized organisation or large-sized organisation in the private sector, can be claimed for under the CJRS.

Additionally, some amendments have been made to the guidance for those individuals classed as being clinically vulnerable, and for when employees are self-isolating, or on sick leave.

Calculate how much you can claim using the CJRS

Guidance has been updated to confirm that the CJRS grant can be amended in situations where too much Employment Allowance has been claimed.

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CJRS extension: CIPP flow chart

29 April 2021

The announcement, at Budget on 3 March 2021, that the Coronavirus Job Retention Scheme (CJRS) would be extended until the end of September 2021, came with it the news that, for periods commencing on or after 1 May 2021, more individuals could potentially be eligible for the scheme.

The CIPP's Policy team has produced a useful flow chart for members to use when establishing firstly, whether an employee is eligible for furlough, and if they are, then the method to apply when calculating furlough payments, based on whether employees are fixed paid or variably paid, and when they were employed and included on a Real Time Information (RTI) submission.

The team recommends that you print a copy of this flow chart off for use when determining the method of calculation required for each employee.

CIPP comment

The flow chart is a member-only benefit, so if you would like to gain access to this and other helpful payroll resources, then please contact Membership, at Membership@cipp.org.uk.

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Coronavirus Job Retention Scheme guidance updates

10 May 2021

There have been some further updates to various guidance on the Coronavirus Job Retention Scheme (CJRS). The list of employers who have made a claim under the CJRS has been updated to reflect information for claim periods from December 2020 to February 2021:

Employers who have claimed through the Coronavirus Job Retention Scheme

Additionally, details for claim periods from December 2020 to February 2021 are now available on Personal Tax Accounts.

The following guidance pages have been adjusted to state that claims for the period of April 2021 must be submitted by 14 May 2021:

Check if your employer can use the Coronavirus Job Retention Scheme
Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme
Calculate how much you can claim using the Coronavirus Job Retention Scheme
Claim for wages through the Coronavirus Job Retention Scheme
Reporting employees' wages to HMRC when you've claimed through the Coronavirus Job Retention Scheme
Check which employees you can put on furlough to use the Coronavirus Job Retention Scheme

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Data protection

Employment News

Employment Law & Guidance

Employment Tribunals

Addison Lee drivers classed as ‘workers’

27 April 2021

A ruling has confirmed that drivers working for the private hire and cab and courier service, Addison Lee, should be classified as 'workers', and will subsequently be entitled to the rights that workers receive.

This follows on from the outcome of a Supreme Court case in February 2021, which found that Uber workers should also be classed as workers. The latest decision means that Addison Lee may need to pay large sums out to its drivers, with estimates being made that each impacted worker will be entitled to an average of £10,000 in compensation. This relates to underpayments to those who have not received the National Living Wage (NLW) or National Minimum Wage (NMW), and also to payments not received in connection with annual leave.

The Court of Appeal refused Addison Lee's request to appeal a 2017 Employment Tribunal (ET) decision that asserted that its drivers were workers. The original ET highlighted an overarching contract between Addison Lee and its drivers, as even though drivers could select which jobs to take on, the "commercial reality" was that those drivers were agreeing to carry out work from the moment they logged on to their work devices. The decision made means that, as in the Uber case, Addison Lee drivers are deemed as working from the moment they log in to the relevant work devices, and not just for the period of time in which they have accepted jobs. In addition to this, contracts require drivers to display company branding on their vehicles, even when they are not carrying out work, and they are required to pay a regular, fixed amount for vehicle hire.

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Gary Lineker in IR35 court battle with HMRC

10 May 2021

It has been reported that former footballer and Match of the Day presenter, Gary Lineker, is the latest in a string of TV presenters that HMRC has taken to court in relation to IR35 rules.

Kaye Adams, Lorraine Kelly and Helen Fospero, who are also TV presenters all won their IR35 cases against HMRC, but Eamonn Holmes lost. Holmes is, however, appealing the verdict.

HMRC states that Lineker owes £3,621,735.90 in Income Tax and £1,313,755.38 in National Insurance (NI), which equates to a total bill of £4.9 million. This is because Lineker worked as a contractor, but HMRC argues that he should have been taxed as a direct employee of both the BBC and BT Sport, on which he covers the UEFA Champions League.

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Ethnicity Pay Gap

Executive Pay

Gender Pay Gap

General Employment News

Happy new tax year day!

6 April 2021

Here at the CIPP, we hope you all had a relaxing Easter weekend and enjoyed the break.

The first day back in the office is 6 April 2021, so happy new tax year everybody!

We have provided an overview of some of the rates that change from today that payroll professionals should be aware of:

Income Tax rates and thresholds

- Personal Allowance - £12,570
- Higher Rate Threshold - £50,270
- Income tax bands rUK
  - Basic rate – 20%: £1 to £37,700
  - Higher rate – 40%: £37,701 to £150,000
  - Additional rate – 45% over £150,000

** Personal Allowance, income tax bands and Higher Rate Threshold frozen until April 2026**

- Marriage Allowance - £1,260
- Blind Person's Allowance - £2,520
- Married Couple's Allowance – max. £9,125, min. £3,530

Income tax bands for Scotland:

- Starter rate (19%): £1 to £2,097
- Basic rate (20%): £2,098 to £12,726
- Intermediate rate (21%) £12,727 to £31,092
- Higher rate (41%): £31,093 to £150,000
- Top rate (46%): over £150,000

Welsh Rates of Income Tax (WRIT) – 10p in the pound

National Insurance (NI) weekly limits and thresholds

- Lower Earnings Limit (LEL) - £120 (unchanged)
- Primary Threshold (PT) - £184 (increase from £183)
- Secondary Threshold (ST) - £170 (increase from £169)
- Upper Earnings Limit (UEL) - £967 (increase from £962)
- Upper Secondary Threshold (UST) - £967 (increase from £962)
- Apprentice Upper Secondary Threshold (AUST) - £967 (increase from £962)

Statutory payment rates (weekly)

- Statutory Maternity Pay (SMP) –
  - First six weeks – 90% of Average Weekly Earnings (AWE)
  - Remaining weeks - £151.97 or 90% of AWE (whichever is lower)
- Statutory Adoption Pay (SAP) –
  - First six weeks – 90% of AWE
  - Remaining weeks - £151.97 or 90% of AWE (whichever is lower)
- Shared Parental Pay (ShPP) - £151.97 or 90% of AWE (whichever is lower)
- Statutory Paternity Pay (SPP) - £151.97 or 90% of AWE (whichever is lower)
- Statutory Parental Bereavement Pay (SPBP) - £151.97 or 90% of AWE (whichever is lower)

Statutory Sick Pay (SSP)

- £96.35 per week

Statutory Redundancy Pay

- The prescribed cap on weekly pay will increase to £544. Consequently, statutory redundancy pay will increase, with the maximum payment increasing to £16,320

Student Loan Thresholds

- Plan one - £19,895
- Plan two - £27,295
- NEW Plan four - £25,000
- Post Graduate Loan - £21,000

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Italian hospital employee accused of skipping work on full pay for 15 years

23 April 2021

It has been reported in the media that an employee of a hospital in Italy has been accused of not attending work for a period of 15 years, but of still receiving full pay during that time.

The individual is being investigated in relation to fraud, extortion, and abuse of office, and it is claimed that, in 2005, he stopped attending work at the Ciaccio hospital in Cantanzero. In this time, he was paid €538,000, or £464,000 for the period that he was not working. This would undoubtedly be classed as an overpayment.

The 67-year-old man is also accused of threatening one of his managers to prevent her from filing a disciplinary report against him. This manager later retired. In addition to this, six managers at the hospital are being investigated in connection with the period of absence.

CIPP comment

The CIPP wants to hear from you - the payroll professionals. Have you had to deal with a complex overpayment / overpayments, and would you like to share your learnings and experiences? If so, please contact the Policy team at Policy@cipp.org.uk. Thank you in advance for any feedback you may provide.

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Right to work checks will be conducted in person from 17 May 2021

28 April 2021

The Home Office has confirmed that right to work checks will need to return to being held in-person from 17 May 2021.

Guidance confirms that the temporary changes to right to work checks implemented due to coronavirus are due to end, and that, from 17 May 2021, an applicant's original documents need to be reviewed, or the applicant's right to work must be checked online if they have provided a share code.

In the period from 30 March 2020 and 16 May 2021, the checks were made virtual due to the outbreak of COVID-19. Checks were able to be performed via video call, and job applicants and existing workers were able to send scanned documents or photos of identification documents by using email or mobile apps, without the need to provide originals. The advice given is that there is no requirement to carry out retrospective checks on individuals who had a coronavirus-adjusted check between the periods of 30 March 2020 and 16 May 2021.

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Arrests made in connection to £3.4 million furlough fraud

11 May 2021

Reports in the media confirm that two individuals have been arrested in connection with a HMRC investigation into suspected fraudulent use of the Coronavirus Job Retention Scheme (CJRS) believed to equate to £3.4 million. Whilst the pair have been released under investigation, they had previously been arrested last month in relation to suspected multi-million-pound tax fraud.

Bank accounts holding over £6 million belonging to the individuals have been frozen by HMRC, following a search warrant that was carried out by its Taxpayer Protection Taskforce staff on 28 April 2021.

The Taxpayer Protection Taskforce was announced in the Budget, delivered by Chancellor, Rishi Sunak on 3 March 2021. The Government committed to investing more than £100 million into this new department which will consist of 1,265 HMRC staff, and is intended to fight fraud across the Government schemes designed to help businesses and individuals through the pandemic, e.g. the CJRS and the Self-Employment Income Support Scheme (SEISS). Recent HMRC statistics reveal that over £61 billion has been claimed through the CJRS since its introduction, supporting 11.5 million furloughed jobs across 1.3 million employers.

CIPP comment

The CIPP's Policy team has advised that, where possible, any employers utilising the CJRS check their claims and the documents that they hold in relation to those submissions. We know that the next big activity from HMRC will be on compliance so the key message is to be prepared. Have you been checking your claims for errors, and if so, have you identified any? Take our latest Quick Poll today.

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Letters sent to 10,000 employers regarding potential CJRS errors

11 May 2021

HMRC took to Twitter to confirm that its Taxpayer Protection Taskforce has submitted letters to 10,000 employers to advise them that they may have made erroneous claims relating to the Coronavirus Job Retention Scheme (CJRS).

The letters suggest to employers that they may have made a mistake / mistakes and encourage them to double check their claims.

Guidance on the topic of correcting claims can be found online.

Employers wishing to submit claims relating to the period of April 2021 must ensure that they do so by no later than 14 May 2021.

The CJRS will remain open until 30 September 2021. The level of Government support remains at 80% of an employee's usual salary for hours not worked until 30 June 2021. It will decrease to 70% for the period of July, and then 60% for the claim periods of August and September 2021. Employees must still receive 80% of their usual salary for hours not worked until the scheme closes for any of the time that they are placed on furlough. For the periods of July, August and September 2021, employers will be required to fund the additional amount up to 80% that is not provided by the Government themselves.

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Modern Working Practices (Good Work Plan)

Expenses, Benefits & Reward

Class 1A National Insurance contributions on benefits in kind

13 April 2021

The 2021-22 employer guide on the topic of Class 1A National Insurance contributions (NICs) on benefits in kind (CWG5) has been published on GOV.UK.

The guide advises when Class 1A NICS are due and how they should be calculated, reported and paid.

2021: Class 1A National Insurance contributions on benefits in kind, termination payments and sporting testimonial payments - GOV.UK (www.gov.uk)

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Childcare

Company Cars

Guide 480: Expenses and benefits

20 April 2021

Chapter 12 of the guide 480, which provides information on the calculation of the company car benefit charge, for employers has been updated for tax years 2020-21 and 2021-22.

The appropriate percentages for all cars registered prior to 1 January 1998 and cars first registered on or after 1 January 1998 without an approved CO2 emissions figure have been added for the tax years 2020-21 and 2021-22.

How to work out the benefit of a company car (480: Chapter 12) - GOV.UK (www.gov.uk)

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Government News

Further Treasury Direction published in relation to the SEISS

15 April 2021

HM Treasury published a further [Treasury Direction]() and [minor correction piece]() in relation to the fourth grant that will be available under the Self-Employment Income Support Scheme (SEISS).

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The document discusses:

- Introductory provisions
- Eligibility
- SEISS 4 payments
- General elements

The document also confirms that claims for the fourth grant must be submitted by no later than 1 June 2021.

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Further Treasury Direction made in relation to the Coronavirus Job Retention Scheme

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This allows the CJRS to be extended for the period commencing 1 May 2021 and ending on 30 September 2021. The schedule to the latest Direction provides for the tapering of the support in the claim periods of July, August and September 2021. Additionally, it extends the Real Time Information (RTI) cut-off date to 2 March 2021.

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April 2021	14 May 2021
May 2021	14 June 2021
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Mini umbrella firms – fraudulent practice adopted by some that is costing the UK millions

11 May 2021

BBC Radio 4’s File on 4 has revealed that it has identified over 48,000 Mini Umbrella companies that have been set up over the past five years, which have been opened and operated at a cost of hundreds of million pounds in lost taxes within the UK.

Staff working at NHS Covid test centres run by G4S have been impacted by this practice, where they have been employed by subcontractors under this type of scheme. G4S notified HMRC as soon as the issue was identified and is currently reviewing procedures to ensure that all agency workers are employed directly and not through a subcontractor.

The report looks at the case of “John” *, who was searching for a job. He noticed an advert for vacancies at his local Covid testing site, which was run by G4S and opened in response to the outbreak of coronavirus. He contacted HR GO, an employment agency, and was successful in securing the job. Upon receipt of his payslip, he identified that something was not quite right, as he was not being paid by G4S or HR GO, but by a company he had not heard of. Upon researching the name on Companies House, he discovered that the company had only been set up a month prior to him starting the job, and that the director was from the Philippines. “John” began to think that something untoward was going on.

The reason that “John” was employed in this manner relates to the way in which recruitment agencies operate where they are attempting to fraudulently reduce their National Insurance (NI) bill. Ordinarily, employers pay 13.8% in NI on employees’ NIable earnings once they earn more than £737 per month. However, recruitment agencies can exploit the Employment Allowance (EA) of £4,000 by employing temporary workers via several Mini Umbrella Companies (MUCs) and claiming the NI relief available from the EA through all of them.

G4S has confirmed that payments it makes to agencies include all relevant insurance contributions, and that the individuals working on G4S contracts pay their NI contributions correctly. HR GO also stated that they had managed their supply chain in line with guidance on supply chain management provided by HMRC Threat Response Unit.

The 48,000 MUCs created in the UK appear to follow a specific pattern – they are incorporated with a British director, who has been recruited using private groups on social media (e.g. Facebook). They then resign as directors after a brief period and a Filipino director is subsequently selected to take their place.

The report also refers to “Emma”*. She signed up to a scheme four times, receiving £150 each time for “fronting” six companies. Her sole task was to upload letters received by post from HMRC and Companies House to an online portal and would, not long after, be required to resign as director of the six businesses and then start all over again. As “Emma” resigned, a Filipino director would instead be appointed. This is because it can be more complex for HMRC to investigate companies with directors outside of the UK.

The research carried out by File on 4 highlighted the fact that thousands of Filipinos ae being recruited into these positions via Facebook and word of mouth. If they have an internet connection, mobile phone number, email address and ID document then they are eligible for the roles. They are required to review and sign the British company’s documents through an online portal.

The report claims there are thousands of companies that operate in this way, and employ workers in the UK, including supply teachers and Covid testers. The practice, unfortunately, appears to have become more prevalent throughout the course of the pandemic.

*Real names not used.

HMRC has issued some guidance on the topic of MUC fraud which confirms:

What MUC fraud is
The impact of MUC fraud
Warning signs – what to look out for when completing due diligence checks
What HMRC is doing about MUC fraud
Checks that can be applied to protect supply chains
How to report potential fraud or tax evasion

CIPP comment

The CIPP's Policy team would like to investigate potential fraud within Mini Umbrella Companies, and fraud more generally. If you have any feedback on this topic, please contact us at Policy@cipp.org.uk. All correspondence will be treated in the strictest confidence.

To ensure that you are protected from fraudulent practice, it is important to always check your payslip in detail and to question anything that does not look correct.

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Data protection

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General HMRC News

Understanding HMRC's compliance check process

6 April 2021

In order to assist individuals in understanding HMRC's compliance check process, a help and support page was published, and a series of YouTube videos were made available.

A new YouTube video has recently been added, entitled 'Help if you can't pay your tax bill', which provides an overview of how HMRC will support those who are unable to pay a tax debt.

All of the videos, including the most recently added one, can be accessed here, and the new video is number five on the playlist.

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PAYE draft forms: P60 (2021 to 2022)

7 April 2021

Pages on GOV.UK that hold approved versions of form P60 have been updated to include the version for the 2021-22 tax year.

The draft form has been published as part of the section PAYE online Support for Software developers which aims to help software developers as they design and build payroll software.

PAYE draft forms: P60 (2021 to 2022)

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Corrections to payroll for tax year 2020-21

16 April 2021

As widely reported, the Earlier Year Update (EYU) is no longer a valid submission type for making amendments to the tax year ending 5 April 2021 (2021-21). Corrections relating to that tax year will need to be made using a Full Payment Submission (FPS).

Within the latest edition of the Employer Bulletin there is clarification on several points relating to the submission of an additional FPS to rectify earlier years' payroll data.

Late reporting reason

Late Reporting Reason H should be applied to all FPS submissions that are used to correct earlier payroll information. This aligns the process with submissions that were received on, or prior to, 19 April.

Payment dates to report

The layout of the FPS remains unchanged and should be updated with the latest payroll information, for example, payment date, monetary values, leaving date etc. As the FPS will be an adjustment to the pay in the tax year then the payment date should be equal to, or later than, the last payment date reported in that year to ensure HMRC records are updated correctly.

An example is provided:

- An employee is employed all year and the final FPS for the year is submitted on 30 March 2019, with a payment date of 30 March 2019. It is then discovered in June 2019 that an error occurred in the Month 11 FPS. The FPS sent to make corrections should include the final pay date of 30 March 2019 and amended monetary values

Correcting employee NI submissions

Following April 2021, corrections to employee(s) National Insurance (NI) contributions for 2020-21 and subsequent years which involve a negative amount, but in situations where an employer is unable to refund the employee(s), then an FPS should be submitted and HMRC written to, to adjust the charge and refund employees. This scenario could potentially arise where an employee has left employment.

When writing to HMRC, the following needs to be included:

- The subject: 'Overpaid Employee National Insurance Contributions'
- The employer's name, address and PAYE reference number
- The name, date of birth and NI number of the relevant employee / employees
- The tax year of the overpayment
- How much NI was overpaid / needs refunding
- Why the overpayment occurred
- Why the employer was unable to pay a refund

HMRC can be contacted in relation to correcting employee NI contributions at the following addresses:
One employee correction:

HM Revenue and Customs, National Insurance Contributions and Employer Office, BX9 1AN

More than one employee correction:

HM Revenue and Customs, National Insurance Contributions and Employer Office, BX9 1BX

HMRC will contact employers when the refund and adjustment have been made, and the adjustment will also be reflected on Business Tax Accounts.

The process for correcting tax years prior to 2020-21 has not changed.

Correcting Seasonal Worker payroll using Basic PAYE Tools

The 'irregular payment' indicator needs to be selected on all submissions for any Seasonal Workers on payroll from April 2021. This will mean that any future corrections that need to be made using a further Year To Date FPS are reported correctly.

If the 'irregular payment' indicator is not selected on an earlier submission, and there is the need to make a correction, then the question 'Do you wish to submit this correction immediately?' should be answered with yes. This can be found on the 'Add an Employee Payment' screen, within the 'Other Details' section.

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PAYE: PAYE Settlement Agreement (PSA1) 2020-21

20 April 2021

The PAYE Settlement Agreement (PSA1) form for 2021-21 has been published.

The form should be utilised by employers who need to tell HMRC the value of any items included in a PAYE Settlement Agreement (PSA). A PSA allows employers to make one annual payment in relation to the tax and National Insurance (NI) due on minor, irregular or impracticable expenses or benefits for their employees.

The items included on a PSA will not need to be recorded on end of year P11Ds, nor will they need to be processed via payroll.

Employers are reminded to ensure that they select the correct form, as they will be required to record employees separately on the basis of the rate of tax that they pay. Employees living in countries with devolved tax powers (Scotland or Wales) could potentially be subject to different rates of Income Tax.

The form needs to be completed in full before the option to print it is made available. Partly saved forms cannot be saved, so HMRC recommends that all relevant data is collated prior to completion of the form.

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HMRC calculator issues

27 April 2021

HMRC is aware of technical issues with a couple of the calculators that it offers online that help to assist in ensuring certain elements of pay are accurate. HMRC is currently investigating as a matter of urgency and hopes to have the calculators running correctly as soon as possible.

Company Car and Car Fuel Benefit calculator

There is an issue with the Company Car and Car Fuel Benefit calculator.

When a value is entered into the section of the calculator that queries whether the car is provided via an Optional Remuneration Arrangment (OpRA), and that figure is higher than the cash equivalent of the calculated car benefit, the tool is not replacing the car benefit charge with the higher OpRA figure. This means that the calculator is not currently correctly aligned with OpRA rules.

The relevant section is displayed below:

Is the car provided via an Optional Remuneration Arrangement?	Yes No	
If yes, amount foregone in respect of car: *	£	

Director’s Class 1 National Insurance Contributions (NICs) calculator

An issue has been identified with the Director’s Class 1 NICs calculator that those dealing with the pay of directors should be aware of.

An issue arises where the figure included in the total cumulative pay section is above the Secondary Threshold (ST) for tax year 2021-22 of £8,840 per year, but at, or below, the figure of £9,568 per year, which is the Primary Threshold (PT) for tax year 2021-22.

The ST is the point at which an employer begins to pay NICs and the PT is the point at which an employee beings to pay NICs.

When a figure of between £8,840 and £9,568 is entered, the employer’s NICs are not being calculated correctly, so those processing payrolls that may be impacted by this should keep this in mind.

CIPP comment

These issues have been identified, and HMRC alerted to them, through feedback from members. Please continue to notify Advisory of any problems of this nature, or contact the Policy team, at Policy@cipp.org.uk.

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Stance on Mutuality of Obligation remains unchanged

30 April 2021

Peter Aldous MP submitted a question for the Chancellor of the Exchequer, which queried whether or not HMRC had changed its stance on updating the Check Employment Status for Tax (CEST) tool to include consideration of Mutuality of Obligation (MOO).

Financial Secretary to the Treasury, Jesse Norman, responded:

“‘Mutuality of obligation’ (MoO) is a term often used to describe the basic obligations that exist between a hirer and a worker. These basic obligations are where the hirer is obliged to pay remuneration, of any kind, and the worker is obliged to provide their work or skill in return.

MoO is important because without it there can be no contract for the supply of a worker. CEST does account for MoO on these terms and is clear in guidance to users that it can only be used to determine employment status for tax where there is such a contract in place. CEST then considers this contract, testing the employment status factors, and determines whether the engagement is more likely to be employed or self-employed for Income Tax and National Insurance contributions purposes.

After receiving feedback during user testing, HMRC provided a link to guidance on MoO on CEST’s landing page to make this understanding clearer to users of the tool. The guidance can be found on GOV.UK: https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm0543(opens in a new tab).”

CIPP comment

The CIPP sits on the off-payroll working reforms forum and we would love to hear your views – do you think that MOO should be included in the CEST tool? Do you have any more general feedback that you would like to provide on your experiences of using the tool? Email the Policy team at Policy@cipp.org.uk. Thank you in advance.

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HMRC calculator issues resolved

6 May 2021

The CIPP recently reported that there were issues with a couple of the HMRC calculators that are available online to help employers with various payroll calculations. These problems have now been fixed.

The calculator for use when establishing National Insurance (NI) for company directors has been amended so that it now works correctly. The previous issue related to incorrect calculation of employer NI contributions where the total cumulative pay was higher than the Secondary Threshold of £8, 840 (ST) for tax year 2021-22, at which point employers start paying employer NI contributions, but lower than the Primary Threshold (PT) of £9,568 per year. This issue has now been rectified, and the calculator is producing the correct figures for employer NI.

The Company Car and Car Fuel Benefit calculator has also been fixed. Previously, where the figure provided via an Optional Remuneration Arrangement (OpRA) was higher than the cash equivalent of the calculated car benefit, the tool was failing to replace the car benefit charge with the higher OpRA figure. This issue has now been resolved, and the calculator is producing the correct results.

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Updates to the CEST Tool landing page

7 May 2021

The changes made relate to the legislative changes to the off-payroll working rules, which were effective from 6 April 2021. HMRC has confirmed that the CEST tool itself has not been amended, and the underlying logic of the tool remains unchanged.

There is a link to HMRC's CEST aggregate data, which provides details of the usage of the tool following the launch of the enhanced version, that was made available in November 2019.

The amendments to the landing page were made as a direct result of customer feedback, which suggested that further content needed to be added to streamline the user journey, and that there needed to be clearer signposts to existing guidance.

CIPP comment

The CIPP attends meetings held by the Off-Payroll Working Programme, so if you have any feedback or comments on the new style of the landing page for the CEST tool, or any wider comments about the off-payroll working reforms, then please contact the Policy team, at Policy@cipp.org.uk.

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Latest CJRS statistics published

7 May 2021

The 11th release of Official Statistics on the Coronavirus Job Retention Scheme (CJRS) has been published. The latest data provides analysis of claims made in relation to periods up to 31 March 2021, including claims submitted to HMRC by 14 April 2021.

There is a reminder, however, that data for March 2021 could potentially be incomplete, as although claims relating to March should have been sent by 14 April 2021, employers who had a reasonable excuse for submitting their claim late could be yet to file their information. The deadline for amending claims for the period of March also sits at 28 April 2021. These two factors may have a minimal impact on the statistics for March.

Some of the key points for the period to 31 March 2021 are as follows:

- Provisional figures indicate that the number of furloughed employments decreased in the period between February and March 2021
- 4.2 million employments were furloughed as of 31 March 2021
- A cumulative total of 11.5 million jobs have been supported by the CJRS since its introduction
- Furlough levels clearly reflect lockdown restrictions and also the changes to those restrictions
- At the end of February 2021, 41% of employers had furloughed staff, but this decreased to 39% by the end of March 2021
- All sectors saw a reduction in furlough levels between the end of February 2021 and the end of March 2021
- The accommodation and food services sectors had the highest take-up rate in recent months, with 1.19 million employments in furlough on 28 February 2021, decreasing to 1.06 million by 31 March 2021

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HMRC Employer Bulletins

Employer Bulletin 89: April 2021

16 April 2021

HMRC has published the latest edition of the Employer Bulletin for April 2021.

This issue is absolutely jam packed full of news, and includes details relating to:

- COVID-19 updates and information
- UK transition
- Consultation calls and responses
- PAYE
- Changes to guidance
- Information for employees
- Updates and information
- Getting more information and sending feedback

A couple of the articles have been expanded on within this News Online piece, but payroll professionals are advised to read the Employer Bulletin in full where possible to ensure that they are up to date with all of the latest news that may impact their work.

New one-off £500 payment to support working households in receipt of tax credits

Employees who are in receipt of Tax Credits may be eligible for a one-off payment of £500, which is being offered to help households through the outbreak of coronavirus.

This payment is being made available in recognition of the fact that the temporary increase in Working Tax Credit of £1,045 per year, introduced at the beginning of the pandemic, ended as intended on 5 April 2021.

Employers are persuaded to inform their employees of this payment, as it is hoped that this will help to protect them from scams and prepare them for the changes to their regular Tax Credits payments.

The payment will be made automatically by no later than 23 April 2021, and claimants will be contacted by text message or letter to confirm that they will receive the payment. Employees are not required to contact HMRC or apply for the payment.

Employees could potentially be eligible if, on 2 March 2021, they were receiving either Working Tax Credit, or Child Tax Credit and if they were eligible for Working Tax Credit but their income was too high to get Working Tax Credit payments.

The one-off payment will not impact any other benefits, for example, Housing Benefit or Universal Credit, and individuals are not required to pay Income Tax or National Insurance (NI) on the amount of the payment. Nor do they have to declare it as income for Self-Assessment tax returns should they need to complete them.

Changes to amending PAYE Pay Settlement Agreements for coronavirus items

If employers have extra items to add to a PAYE Pay Settlement Agreement (PSA) then HMRC issue a new P626. For the tax year 2020-21, where additional items relate solely to coronavirus a new P626 is not required. HMRC will add an appendix to the existing enduring agreement.

To add any coronavirus-related items, for example, taxi fares or car parking for staff who needed to work in the office, or computer equipment to enable staff to work from home to an existing PSA, email lbs.compliance@hmrc.gov.uk.

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Making Tax Digital

National Insurance

CA38: National Insurance contributions tables A, H, J, M and Z

7 April 2021

The helpbook CA38 for use from 6 April 2021 to 5 April 2022 has been published.

The tables in the CA38 should be used calculate National Insurance (NI) contributions for employees that are payable under contribution table letters A, H, J, M and Z.

The tables in the CA38 are for employers who are exempt from filing or unable to file payroll information online and use manual systems.

CA38: National Insurance contributions tables A, H, J, M and Z

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Various NICs guidance updated for tax year 2021-22

9 April 2021

A variety of guidance relating to the topic of National Insurance (NI) has been updated to reflect changes for tax year 2021-22, as follows:

[CA40: Employees allowed to pay their own National Insurance - GOV.UK (www.gov.uk)](#)
[CA41: National Insurance contributions tables B and C - GOV.UK (www.gov.uk)](#)
[CA44: National Insurance for company directors - GOV.UK (www.gov.uk)](#)
[CA42: Foreign-going mariners and deep-sea fishermen - GOV.UK (www.gov.uk)](#)

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Class 1A National Insurance contributions on benefits in kind

13 April 2021

The 2021-22 employer guide on the topic of Class 1A National Insurance contributions (NICs) on benefits in kind (CWG5) has been published on GOV.UK.

The guide advises when Class 1A NICS are due and how they should be calculated, reported and paid.

2021: Class 1A National Insurance contributions on benefits in kind, termination payments and sporting testimonial payments - GOV.UK (www.gov.uk)

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National Minimum Wage / National Living Wage

National Living Wage and National Minimum Wage calculator

8 April 2021

The National Living Wage (NLW) and National Minimum Wage (NMW) calculator, that employers can use to ensure that they are paying workers either the correct NLW or NMW rate (whichever is applicable) and also to check whether they owe employees payments from the previous year due to underpayment, has been updated to reflect the change to rates applicable from 1 April 2021.

As a reminder, the rates for use from 1 April 2021 are as follows:

	23 +	**21-22**	**18-20**	**Under 18**	**Apprentice**
April 2021	£8.91	£8.36	£6.56	£4.62	£4.30

The accommodation offset has also increased as follows:

	Daily accommodation offset rate	Weekly accommodation offset rate
April 2021 (current rate)	£8.36	£58.52

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NMW guidance updated to reflect Supreme Court's ruling on sleep-in shifts

29 April 2021

There has been an update to guidance on paying the National Minimum Wage (NMW) produced by the Department of Business, Energy and Industrial Strategy (BEIS) to include examples relating to sleep-in shifts, following on from the recent Supreme Court ruling on the topic.

The Supreme Court's decision means that the period that a worker spends asleep on a sleep-in shift is not classified as working time for the purposes of NMW regulations, and so NMW only has to be paid for the time that they spend awake and working. It does not have to be applied when a worker is sleeping on shift.

Under the title of 'special situations', the guidance confirms that this stance alters in scenarios where workers are expected to perform various activities for all, or most of a shift, and only allowed to sleep where possible between tasks. The example of napping when not busy is provided. In these situations, then it would be reasonable to suggest that at least the NMW needs to be paid for the entirety of the shift, including for any time spent asleep.

Employers must provide adequate sleeping facilities for workers in order for NMW rules not to apply. If the correct sleeping facilities are not made available, then the NMW is applicable to the full duration of the shift.

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HMRC webinar: National Minimum Wage – unpaid and expenses only work

5 May 2021

HMRC is delivering a live webinar, which will focus on how the National Minimum Wage (NMW) interacts with workers who are unpaid or who are reimbursed in an 'expenses only' capacity.

HMRC recognises that this is a common area that results in underpayment of the NMW, and the webinar will focus on internships, volunteers and work trials, explaining when and where there is a requirement for the minimum wage to be applied.

In addition to this, an overview of how HMRC NMW enforcement works will be provided, along with discussion of how mistakes can be rectified.

The webinar will take place between 11:00 and 12:00 on 11 May 2021, and registration can be completed here.

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Off-payroll Working

Off-payroll working and statutory payments

8 April 2021

If a worker receives some earnings that have been subject to deductions under the off-payroll working rules, and some that have not, for the purposes of establishing entitlement to statutory payments, all earnings must be considered.

A worker's earnings period for the purposes of statutory payments is based on when their intermediary makes payments of earnings to them, not when the deemed employer makes payment to the worker's intermediary or when that intermediary receives that payment.

To avoid double taxation, payments from the intermediary already subject to tax and NICs by the deemed employer are reported in data item 58A on the Full Payment Submission (FPS) submitted by the intermediary. The payments from the deemed employer will have been made to the intermediary net of Income Tax and National Insurance Contributions (NICs), so the worker needs to locate a payslip, remittance notice or other payment document received to gather information relating to the original gross pay. If the worker does not have access to this, they should request it from the deemed employer.

Where a worker's intermediary receives figures relating to off-payroll working engagements, and only a portion* of that is paid as a net amount to the worker, then a 'just and reasonable apportionment' must be made for the attribution of tax and NICs on that net amount."

Example
Smiths Ltd. receives £1,000 in relation to an off-payroll working engagement. Smiths Ltd. then pays Mr. Smith 60% (£600) of the amount received and keeps the remaining 40% (£400). **

The £1,000 was already subject to tax deductions of £200 and NICs of £120.

A reasonable apportionment could be to apportion £120 to tax (60% of £200 tax) and £72 to NICs (60% of £120 NICs). Therefore, the gross amount for use in statutory payment calculations would be the *£600 received + £120 tax + £72 NICs* = **£792**

RTI reporting

The worker's intermediary should ensure that an FPS is submitted normally, on or before payday.

The FPS will advise HMRC that the gross statutory payments have been made. Even though the figures received by the worker will have been net amounts, this will provide HMRC with the data it requires to apply the usual checks to any statutory payments made.

In line with standard process, an Employer Payment Summary (EPS) also needs to be sent to advise HMRC of the amounts of statutory payments that the worker's intermediary will reclaim.

*Please note that if a worker pays themselves by dividends only, then no entitlement to statutory payments arises.
** Please note that if a worker received net amounts from their intermediary that were not subject to Class 1 NICs when paid by the deemed employer, then these amounts would need to be discarded

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Stance on Mutuality of Obligation remains unchanged

30 April 2021

Peter Aldous MP submitted a question for the Chancellor of the Exchequer, which queried whether or not HMRC had changed its stance on updating the Check Employment Status for Tax (CEST) tool to include consideration of Mutuality of Obligation (MOO).

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After receiving feedback during user testing, HMRC provided a link to guidance on MoO on CEST's landing page to make this understanding clearer to users of the tool. The guidance can be found on GOV.UK: https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm0543(opens in a new tab)."

> ***CIPP comment***
>
> *The CIPP sits on the off-payroll working reforms forum and we would love to hear your views – do you think that MOO should be included in the CEST tool? Do you have any more general feedback that you would like to provide on your experiences of using the tool? Email the Policy team at Policy@cipp.org.uk. Thank you in advance.*

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Off-payroll working – working through an umbrella company guidance

4 May 2021

With off-payroll working rules coming into effect from 6 April 2021, many Personal Service Companies (PSCs) have sought the services of umbrella companies. HMRC has recognised that there is some confusion over how a contractor would be paid when using this service, therefore have produced additional guidance on this specific area.
The guidance aims to provide contractors who are working, or about to work, through an umbrella company with helpful information on what an umbrella company is and what it means for them. HMRC want to help contractors understand how they will be paid, what deductions may be made and what costs the umbrella company is responsible for paying. The guidance also links to further material on spotting tax avoidance and what to do if the contractor or the umbrella company are involved in a tax avoidance scheme or other non-compliant activity.

Geographical extent

> ***CIPP comment***
>
> *We would welcome your feedback on how this guidance is being received and any ways in which it can be improved so that we can feedback to HMRC. Please email Policy@CIPP.org.uk with any feedback you may have.*

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PAYE (Pay As You Earn)

Attachment of Earnings Orders (AEOs, DEAs)

Expat News

General PAYE News

Payroll Software Updates

Statutory Pay and Leave

Statutory pay tables 2021-22

7 April 2021

Included in the wealth of information published on GOV.UK in relation to tax year 2021-22 has been the addition of the statutory pay tables for use for tax year 2021-22, as follows:

- Statutory Parental Bereavement Pay: table of dates for employee entitlement
- Statutory Maternity Pay: table of dates for employee entitlement
- Statutory Paternity Pay: table of dates for employee entitlement (birth)
- Statutory Paternity Pay: table of dates for employee entitlement (adoption)
- Statutory Adoption Pay: table of dates for employee entitlement
- Statutory Sick Pay: tables for linking Periods of Incapacity for Work

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Off-payroll working and statutory payments

8 April 2021

If a worker receives some earnings that have been subject to deductions under the off-payroll working rules, and some that have not, for the purposes of establishing entitlement to statutory payments, all earnings must be considered.

A worker's earnings period for the purposes of statutory payments is based on when their intermediary makes payments of earnings to them, not when the deemed employer makes payment to the worker's intermediary or when that intermediary receives that payment.

To avoid double taxation, payments from the intermediary already subject to tax and NICs by the deemed employer are reported in data item 58A on the Full Payment Submission (FPS) submitted by the intermediary. The payments from the deemed employer will have been made to the intermediary net of Income Tax and National Insurance Contributions (NICs), so the worker needs to locate a payslip, remittance notice or other payment document received to gather information relating to the original gross pay. If the worker does not have access to this, they should request it from the deemed employer.

Where a worker's intermediary receives figures relating to off-payroll working engagements, and only a portion* of that is paid as a net amount to the worker, then a 'just and reasonable apportionment' must be made for the attribution of tax and NICs on that net amount."

Example
Smiths Ltd. receives £1,000 in relation to an off-payroll working engagement. Smiths Ltd. then pays Mr. Smith 60% (£600) of the amount received and keeps the remaining 40% (£400). **

The £1,000 was already subject to tax deductions of £200 and NICs of £120.

A reasonable apportionment could be to apportion £120 to tax (60% of £200 tax) and £72 to NICs (60% of £120 NICs). Therefore, the gross amount for use in statutory payment calculations would be the *£600 received + £120 tax + £72 NICs =* **£792**

RTI reporting

The worker's intermediary should ensure that an FPS is submitted normally, on or before payday.

The FPS will advise HMRC that the gross statutory payments have been made. Even though the figures received by the worker will have been net amounts, this will provide HMRC with the data it requires to apply the usual checks to any statutory payments made.

In line with standard process, an Employer Payment Summary (EPS) also needs to be sent to advise HMRC of the amounts of statutory payments that the worker's intermediary will reclaim.

*Please note that if a worker pays themselves by dividends only, then no entitlement to statutory payments arises.
** Please note that if a worker received net amounts from their intermediary that were not subject to Class 1 NICs when paid by the deemed employer, then these amounts would need to be discarded

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Statutory Sick Pay (SSP)

Statutory Parental Bereavement Pay (SPBP) and Parental Bereavement Leave (PBL)

Shared Parental Leave and Pay

Student Loans

Pensions

Recognised overseas pension schemes notification list

7 April 2021

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 24 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 R Milburn Super Fund
Ajgarni Needham Family Super Fund
Caracas Superannuation Fund
Exponentium Super Fund
Hambledon SMSF
Horizon Sky Super
HPTP QROPS Superannuation Fund
Hunton Primary Super Fund
Mary Li Super Fund
On The Beach Super Fund
Pierson Super Fund
Robyn Davidson Superannuation Fund
SH4ALI Superannuation Fund
Tui Trove Superannuation Fund
WB Super Fund
Whitfield Super

Isle of Man

Crogga Glen 2
Isle of Man Government Group AVC Scheme

Jersey

JM Retirement Limited

Netherlands

Firestone Industrial Products Europe B.V. by Brand New Day
GitLab B.V. by Brand New Day
Headroom Assistance B.V. by Brand New Day
RealTimeBoard B.V. by Brand New Day
TCX Investment Management Company B.V. by BND

Schemes removed

Australia

Mayers Family Superfund

Isle of Man

Worthing 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.

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Three appear in court in connection with pension fraud

15 April 2021

Alan Barratt, Susan Dalton and Julian Hanson attended Westminster Magistrates' Court on 13 April 2021 charged with fraud by abuse of position.

An investigation by The Pensions Regulator (TPR) indicates that between 2012 and 2014, nearly 250 individuals saving for their retirement were encouraged to transfer their pensions into 11 pension schemes which were controlled by Barratt, Dalton and Hanson. The combined amounts equated to £13.7 million.

Whilst Dalton pleaded guilty to the charge, Barratt gave a not guilty plea, and Hanson did not give a plea at all. They were all released on conditional bail and must attend Southwark Crown Court on 11 May 2021.

Barratt was arrested in Alicante, Spain and then extradited to the UK.

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Recognised overseas pension schemes notification list

21 April 2021

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 ten 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 lists the updates, as follows.

Schemes added

Australia

Andrew P Gardner Super Fund
Bread Fund
Bulldix Superannuation Fund
GEM Investment Holdings Superannuation Fund
Jordan Family Superannuation Fund

India

ICICI Pru Guaranteed Pension Plan

Isle of Man

Evans J Personal Pension Scheme
Seppings Personal Pension Scheme

Jersey

FEK Holdings Limited

New Zealand

i-Select SMS 17 Fund

Schemes deleted

Isle of Man

JM Retirement 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.**

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Action Fraud reminds savers to stay alert and to protect their pensions

23 April 2021

Action Fraud is advising those saving for retirement to: #ProtectYourPension, following confirmation that £1.8 million has already been stolen through pension fraud this year.

Data from Action Fraud that spans 2014 to 2020 highlights the fact that pension scams reduced from 1,788 to 358 over that period of time. There has, however, been a sharp increase in reporting so far in 2021. In the first three months of 2021, 107 reports of pension fraud were received, which equates to an increase of nearly 45% when compared to the same period in 2020.

As a result of this, Action Fraud have launched an awareness campaign which explains the importance of carrying out research prior to making any changes to pension arrangements.

Frequently, pension scams purport to offer investment opportunities that look too good to be true, free of charge pension reviews and / or opportunities to help individuals release money from their pension pots, even though they are below the age of 55.

The figures provided are likely to indicate only a fraction of the full scale of pension fraud because, unfortunately, many victims are not aware that they have been scammed until much later, often many years after the fraud has taken place.

Several tips on avoiding pension scams have been provided:

- Unexpected pension opportunities should be rejected, which include free pension reviews or investment opportunities involving pensions. They could be communicated via email, social media, text, or on the phone
- Individuals should check the FCA Register or contact the FCA (0800 1116768) to check that the firm that they are dealing with is authorised by the FCA. This should be done prior to changing any pension arrangements
- Individuals should not be rushed or pressured into making decisions about their pensions
- Be ScamSmart and visit the ScamSmart website for advice and guidance on protection from pension scams
- If unexpected contact is made regarding an investment opportunity, the advice is to seek guidance from friends, family or an independent advice service prior to making any substantial financial decisions, particularly where pensions are concerned

If anyone believes that they have been a victim of pension fraud, they should notify their pension provider as soon as possible and also report it to Action Fraud online at actionfraud.police.uk, or by ringing 0300 123 2040.

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The Pension (Non-Taxable Payments Following Death) (Real Time Information) Regulations 2021

30 April 2021

The [Pension (Non-Taxable Payments Following Death) (Real Time Information) Regulations 2021] regulations were laid before the House of Commons on 27 April 2021.

The Regulations mean that pension payers must send specific information to HMRC under Real Time Information (RTI) in relation to some of the payments made in respect of members of registered pension schemes following the death of a member, where those payments are not taxable as Pay As You Earn (PAYE) pension income. This essentially means that the payments are non-taxable.

These Regulations will come into force from 6 April 2022.

It is currently mandatory for pension payers making payments of PAYE pension income to send certain data relating to those payments to HMRC, but these Regulations extend that requirement to payments of certain non-taxable payments, not covered by the current requirements.

An associated policy paper has been published by HMRC.

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HMRC Pension Schemes Newsletter 129 – April 2021

5 May 2021

HMRC has published the latest Pension Schemes Newsletter – number 129, for April 2021, in order to update stakeholders on the latest news for pension schemes.

This edition includes content relating to:

- Pension flexibility statistics
- Registration statistics
- Relief at source
- Pension scheme returns
- Winding up pension schemes
- Enrolling on the Managing Pension Schemes service
- Signing in to online services
- Annual allowance calculator
- Non-taxable payments following a member's death and Real Time Information reporting

Pension flexibility statistics

The official statistics for the quarter of 1 January 2021 to 31 March 2021 relating to flexible payments from pensions have been published.

HMRC has processed the following number of forms in that period:

- 4,226 P55 forms
- 2,365 P53Z forms
- 787 P50Z forms
-

The total value repaid equates to £23,183,421.

Registration statistics

HMRC received 1,760 applications to register new pension schemes for 2020-21. 66% of those have been registered, with 9% being refused registration, and no decision made on the remaining schemes.

HMRC has seen an overall decrease of 88% in the number of applications made to register pension schemes since 2012-13.

Non-taxable payments following a member's death and Real Time Information reporting

The regulations [The Pension (Non-Taxable Payments Following Death)(Real Time Information) Regulations 2021] have been made and laid.

What they mean is that pension payers must send certain information to HMRC under Real Time Information (RTI) regarding some of the payments that are made in respect of members of registered pension schemes following the death of a member, where those payments are not taxable as Pay As You Earn (PAYE) pension income.

Further information is available here.

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Automatic Enrolment

Pensions Dashboard

State Pensions

Backto60 state pension appeal denied by the Supreme Court

6 April 2021

Julie Delve and Karen Glynn, members of Backto60, which is a group that campaigns about state pension age changes for women born in the 1950s, have seen their permission to appeal denied by the Supreme Court.

The Court of Appeal handed down a judgement back in September 2020, in which Master of the Rolls Sir Terence Etherton, Lord Justice Underhill and Lady Justice Rose all dismissed the claims that were put forward of age discrimination, sex discrimination and lack of notice. This was what Delve and Glynn were seeking permission to appeal but the Supreme Court responded, stating that the group had failed to bring the claim within the limited time periods, and subsequently, was dismissed.

The Financial Times reported that the Supreme Court has released a statement, to say:

"The usual rule for judicial review proceedings is that the claim must be brought promptly and in any event within three months from when the grounds of challenge first arose (under rule 54.5 of the Civil Procedure Rules).

The panel agreed with both the Divisional Court and the Court of Appeal that the delay in bringing the claim meant it was out of time and had to fail, and accordingly the appeal could not succeed."

Backto60 campaigns against the inequality and unfair treatment of women who were born in the 1950s, who saw changes to their state pension age during the process of pension age equalisation. Campaigners for the group want the Government to restore the pension age of any of the women who have been affected back to 60.

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Recognised overseas pension schemes notification list

6 May 2021

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 45 scheme names added to the list, and one removed. One amendment has been cited in this update.

A very welcome change is that HMRC now list the updates, as follows.

Schemes added

Australia

A & S Davison Superannuation Fund
Agnew Superannuation Fund
AW & JNW Superannuation Fund
Ausco SMSF Trust
Bagga Family Super Fund
Bickell Superannuation Fund
Bringing Home The Bacon Super
Carole Gibbons SMSF
Cawte Family Superannuation Fund
Clifton ROPS Fund
D and D Beardsmore SMSF Super Fund
D&M Duffy Super Fund
DMKK Super Fund
Donal Ryan Superannuation Fund
Duffield Superannuation Fund
Higgins Superannuation Fund
Jasper Superannuation Fund
Joanne Jordan Superannuation Fund
John Jenkins Superfund
Laurenson Self Managed Super 2021
Mardel Superannuation Fund
Miller Freedom Super Fund
N & A Hornby SMSF
Nightingale Family QROPS Superannuation Fund
Palfrey Family Super Fund
PR Thompson Super
R & J Parsons Superannuation Fund
R & K Attrill Family Superannuation Fund
Reamers ROPS Fund
Reay Island Super Fund
Rosser Family Super Fund
Sagoya Clarke Super
Scozzie Pension Pot Super Fund
Segue Too Superannuation Fund
SG-2 Super Fund
Susan Diamond SMSF
Terry Hunt Superannuation Fund
Toal Super Fund
Vokoso Super
Woodburn SMSF
Winford Investment Superannuation Fund

Guernsey

Harris Retirement Annuity Trust Scheme

Isle of Man

Fluffy Personal Pension Scheme

Jersey

Luca Pensions Limited

New Zealand

i-Select SMS 19 Fund

Schemes removed

Australia

Ruscojul Super Fund

Scheme amendments

Australia
Cygnet Superannuation 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.

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Redundancy

Tax Agents and Advisers

HMRC publishes Agent Update 83

22 April 2021

The latest Agent Update issue has been published by HMRC. The Update is aimed at tax agents and advisers with the purpose of providing them with the latest news and guidance that may impact them.

The Update includes articles relating to:

- Technical updates and reminders
- UK transition
- Tax
- PAYE
- Making Tax Digital
- HMRC Agent Services
- Consultations
- Tax Agent Toolkits
- Various Contact Details
- Updates to Manuals
- Online Updates
- Spotlights
- Agent forum and engagement

A couple of the information pieces are included below, but you are encouraged to read the Agent Update in full here.

The Brexit Support Fund

The Brexit Support Fund allows small and medium-sized enterprise traders to access practical support, which includes training for new customs, rules of origin and VAT processes. The Fund is made up of £20 million and is currently open for applications. The aim of the Fund is to assist smaller businesses with amendments to trade rules set up with the European Union (EU).

Smaller businesses are able to apply for grants of up to £2,000 to assist them in adapting to new customs and tax rules when trading with the EU. Those businesses that trade solely with the EU, who may be new to the processes of importing and exporting, are advised to make an application for the grants.

More information, along with details of how to apply, can be found online.

Employer use of National Insurance category M

HMRC intends to raise awareness of the National Insurance (NI) contribution category M, to ensure that employees begin to apply the category to employee records correctly.

As of April 2021, Generic Notification Service (GNS) messages will be sent to employers if data suggests that they need to check the NI contribution category M for their employees. These messages will be sent via the Real Time Information (RTI) portal and it is hoped that this will prompt employers to carry out additional checks, making any corrections that need to be made.

The category M was introduced in 2015 to 2016, and provides for a reduction on the amount of employer's Class 1 secondary NI contributions for any employees who are below the age of 21. Further guidance on this is available online. When employees reach the age of 21, the NI contributions category can no longer be applied to them, and their employers will be required to assign a new NI contribution category.

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Tax Avoidance & Evasion

Termination Payments

Changes to PENP: 6 April 2021

22 April 2021

As a reminder, there were some changes to the calculation of Post-Employment Notice Pay (PENP) from 6 April 2021, for payroll professionals to be aware of.

The calculation applies to employees who are paid on a monthly basis but do not have a notice period that is not expressed in months. The way the previous 'standard formula' was operated unfortunately meant that different outcomes would be provided on the basis of which calendar month employment was terminated. This was because it utilised the number of days within a pay period as one of the elements of the calculation, which could vary between 28 and 31 days. The amendment to the calculation means that there will be more consistency, as now the average number of days in the month has to be used, which equates to 30.42 days.

An amendment has also been made to section 27 ITEPA 2003, which will mean that non-resident individuals are now also liable for UK tax and National Insurance (NI) contributions on PENP, as they would have been had their period of notice been worked in the UK.

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
- Professional magazine 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

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