Policy News Journal

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Introduction

This Policy News Journal has been produced by the CIPP Policy and Research team for the exclusive benefit of members. The Journal contains all relevant payroll News On Line 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.

The Journal 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 On Line.

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

If you have any comments or suggestions about the Journal, please email policy@cipp.org.uk

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Apprenticeships

CIPP SURVEY - FUNDING REFORM FOR APPRENTICESHIPS IN ENGLAND

21 August 2013

Apprenticeships not really a payroll issue? These reform proposals include an option for funding to be delivered to employers through the PAYE system; so yes it is this time! Please complete our survey.

The CIPP are working in partnership with the Chartered Institute of Personnel and Development (CIPD) to conduct research into the proposals outlined by the Department for Business Innovation & Skills and the Department for Education on apprenticeship schemes. Whilst this area would not normally impact payroll, as one of the proposals is for employers to obtain funding directly, and through the PAYE system it is essential payroll professionals have their say.

Please help us by completing our survey. To assist with answering the following questions you should review the consultation document consultation document. We have also provided a document, we believe you should also review, written by the UK Commission for Employment and Skills, which illustrates a potential model that could be adopted in respect of the PAYE reclaim of funding. This is available in the main body of this news item on our website.

There are three models in the proposals and these include:

1. Direct Payment Model: Businesses register Apprentices and report claims for government funding through a new online system. Government funding is then paid directly into their bank account.

2. PAYE Payment Model: Businesses register Apprentices through a new online system. They then recover government funding through their PAYE return.

3. Provider Payment Model: Government funding continues to be paid to training providers, but they can only draw it down when they have received the employer's financial contribution towards training

Examples have been provided in the consultation document on pages 19 and 20 using all three methods, and we would recommend you look at these.

The closing date is **Friday 13 September 2013**, we thank you for your assistance.

CIPP response to funding reform for apprenticeships in England

24 September 2013

The CIPP policy team has submitted a formal response to government to feed into their funding proposals for apprenticeships.

We asked for members opinions through an online survey and would like to thank those who took the time to respond.

The Department for Business Innovation and Skills and the Department for Education are looking to design a system of funding for apprenticeships which positions the employer as the customer giving them control of the funding, and which is easy to engage with for both employers and training providers.

The reform proposals include three payment models, one of which being where businesses would register apprentices through a new online system and then recover government funding through their PAYE return. Whilst the CIPP can understand the reasons as to why the government would like to reform the funding process for apprenticeships, we strongly oppose this model (Model 2: Paye Payment). It would bring increased complexity to an already complex PAYE system, increased costs and cashflow issues.

To read a full summary of findings, the formal response can be downloaded through the link below.

CIPP response to apprenticeship funding consultation - September 2013

ICAEW response to funding reform for apprenticeships

4 October 2013

The CIPP welcome the ICAEW's (Institute of Chartered Accountants in England & Wales) response to the consultation on funding reform for apprenticeships.

The CIPP published their response to this consultation on 23 September 2013 and opposed the Model 2 proposal for employers to recover government funding through their PAYE return. We are pleased that the ICAEW's response is in agreement. Their key summary states:

"We would have grave concerns about the amount of extra work created for HMRC, BIS, training providers and the employer population if apprenticeship funding were to be routed via HMRC's PAYE account (Model 2). A choice of Models 1 and 3 should suit most employers and keep the system simple, minimising the risk of fraud, error and confusion."

ICAEW's full response can be viewed on their website through this link.

Apprenticeship reforms in England driven by Trailblazers

1 November 2013

Some of the UKs leading businesses have signed up to deliver new and improved apprenticeships.

Groups of companies, including BMW Group UK, have come together to give industry the power to lead the design of these new apprenticeships. More than 60 companies who took on more than 13,000 apprenticeship starts in 2011 to 2012 are involved in these groups, which are known as Trailblazers.

The reformed apprenticeships will be:

- employer-led and designed so they respond to the needs of industry, meaning each apprentice has the skills required by the sector
- focused on quality so the apprentice has to demonstrate their ability through rigorous assessment at the end of their apprenticeship
- graded on completion – pass, merit, or distinction – to mark the level of achievement.

Eight Trailblazers will represent a broad spectrum of businesses from a range of different sectors; aerospace, automotive, digital industries, electro-technical, energy, financial services, food and drink, and life and industrial sciences. Their participation will mean that apprenticeships are firmly driven by those who deliver and use them.

Skills and Enterprise Minister Matthew Hancock said:

"We asked Doug Richard to review the Apprenticeship system and tell us what was needed to make the British system a world leader. Our reforms will do just that and I am pleased to welcome industry leaders as Trailblazers to make the new system a reality.

Our aim is that the new apprenticeships will focus squarely on rigorous training for learners and simplicity of use for employers. This will mean that our apprenticeship system will respond to the needs of the modern economy."

Being involved in the Trailblazers will give employers and professional bodies the opportunity to develop the new apprenticeship standards for occupations in their sector. These will become the industry standard for any apprenticeship in that occupation.

New apprentices can expect to take part in reformed apprenticeships as early as the end of 2014.

Further information

- Apprenticeships consultation page
- Apprenticeships guide

National Apprenticeships Week

3 March

This week is National Apprenticeships Week and according to the DWP, the average Apprenticeship completer could increase business productivity by £214 per week.

The Department for Work and Pensions (DWP) state that there has never been a better time to employ an apprentice. Apprenticeships are boosting productivity by enabling businesses to grow their skills base. The average Apprenticeship completer could increase business productivity by £214 per week, with these gains including increased profits, lower prices and better products.

Apprentices are paid at least the relevant minimum wage and training costs are covered for many apprentices. If you're a business that employs up to 1000 employees, you may even get a £1,500 grant to help cover the cost of starting a new apprentice aged 16 to 24 years old.

Visit apprenticeships.org.uk or call 08000 150 600.

Guidance: Future of apprenticeships in England: guidance for trailblazers

6 March 2014

Updated guidance has been published explaining how employers can help develop government reform in the apprenticeship system.

Trailblazers are leading the way in developing new world class apprenticeships. The Department for Business, Innovation & Skills and Department for Education announced the first 8 employer-led trailblazers in their Implementation plan in October 2013.

These trailblazers developed the first 11 new clear and concise apprenticeship standards, which are now published on the Apprenticeships website.

A second phase of trailblazers has been launched involving leading employers in 29 sectors, following employer demand. A full list of these groups, as well as lessons learned and templates from the first phase are included in this updated guidance.

Apprenticeship funding reform in England: payment mechanisms and funding principles

10 March 2014

The government has published a further, technical consultation on two options for directing apprenticeship funding straight to employers.

The Department for Business, Innovation & Skills (BIS) and Department for Education (DfE) has published a further, technical consultation on the following 2 options for directing apprenticeship funding straight to employers:

- the PAYE model - explained in this consultation
- a new model called the 'apprenticeship credit' - a simple online account that employers and government can contribute into, and which employers can use to buy training and assessment from registered providers.

BIS and DfE want to know your views on how they will issue funding for apprenticeships directly to employers. They want the standards of all apprenticeships to be raised to the level of the best, by making them more rigorous and more responsive to the needs of employers, so they can grow and compete.

The reforms announced in the Future of Apprenticeships in England: Implementation Plan last October is giving employers more control over the design of apprenticeships and their assessment. The first new apprenticeship standards, developed by employer-led trailblazers, have been endorsed and published on the Apprenticeships website. It is expected that the first apprenticeships, based on the new standards, will start in the 2014 to 2015 academic year.

Giving employers direct control over the funding of the external training and assessment of their apprentices will give them more influence to improve its quality and relevance. Building on the results of the funding consultation last summer and the funding principles announced in the Autumn Statement, this consultation sets out a core model that could be implemented either through PAYE or an Apprenticeship Credit, and seeks views on these two payment mechanism options.

CIPP comment

The initial consultation (August 2013) on options for funding included three payment models:

4. *Direct Payment Model: Businesses register Apprentices and report claims for government funding through a new online system. Government funding is then paid directly into their bank account.*

5. *PAYE Payment Model: Businesses register Apprentices through a new online system. They then recover government funding through their PAYE return.*

6. *Provider Payment Model: Government funding continues to be paid to training providers, but they can only draw it down when they have received the employer's financial contribution towards training.*

Whilst the CIPP understood the reasons as to why the government would like to reform the funding process for apprenticeships, we strongly opposed the PAYE Payment Model as it would bring increased complexity to an already complex PAYE system, increased costs and cashflow issues. However it looks as though this additional technical consultation is including this very option.

Look out for a survey on this! The Policy team will be issuing one shortly to gather your thoughts on the two options - PAYE model and apprenticeship credit - to feed into the CIPP's consultation response.

Our response to the initial consultation can be accessed through the link below.

CIPP response to apprenticeship funding consultation - September 2013

Apprenticeship funding reform – technical consultation survey

25 March 2014

Please spare 20 minutes to provide your thoughts on the two funding models proposed for Apprenticeships.

As you will be aware the government is keen to increase the number of apprenticeships and not just for the lower grade qualifications i.e. 2/3 but right up to Master's level. The government has confirmed responsibility for funding will pass to the employer. HMRC will be responsible for delivering the funding payments. There are two models in the consultation document:

Model 1 – through the PAYE system and real time reporting submissions; Employment Payment Summary (EPS)

Model 2 – direct credit model.

The CIPP, AAT and the CIPD are jointly surveying our respective memberships and professions. We would therefore be grateful if you could read the consultation document and spare 20 minutes of your time to complete this important survey. The survey will close at midnight, Friday 11 April 2014. This is to allow the membership bodies to submit a formal written response by the shorter than normal consultation deadline of 1 May 2014. Thank you in advance for sharing your views.

Attachment of Earnings

CONTACTING THE CENTRALISED ATTACHMENT OF EARNINGS PAYMENT SYSTEM (CAPS) HELPLINE

23 May 2013

Thanks to member Paul Hughes who advises that CAPS appears to have a new phone system. However there seem to be technical difficulties getting through as the line keeps disconnecting. Paul advises that he did eventually get through though he had to be persistent.

Direct Earnings Attachments

NEW POWERS TO RECOVER DEBTS OWED TO DWP

7 February 2013

From April 2013, DWP will be introducing legislation to extend their existing powers to recover money owed to them by customers who are in employment.

The Direct Earnings Attachment (DEA) will enable DWP to recover debts by asking employers to make deductions from earnings and pay those deductions to us without the need for court action.

The overall aim and policy of DWP is to continue to support those owing us money to manage their debt effectively. We will always seek to agree an acceptable, flexible and sustainable voluntary payment arrangement with the customer without causing undue hardship.

Type of debts to be recovered

All debts owed to the Department, including Social Fund loans.

When DEAs will be used

The DEA is a process for collecting outstanding debts from people in employment where a voluntary arrangement has not been possible. DWP envisage using a DEA only in circumstances where customers fail to make contact or are unwilling to agree a recovery plan.

The new DEA process will be piloted in DWP from April 2013. Under the Pilot, DWP will issue a new letter advising customers to make contact with us to discuss payment options. The letter will also explain the possible outcomes should the customer not respond or if acceptable recovery arrangements cannot be agreed. These outcomes will include the possibility of a DEA.

The new DEA process will be continually monitored and evaluated throughout the pilot and it is planned to be fully implemented by April 2014.

When we will not use a DEA

A DEA will not be used where the customer is:

- self-employed,
- in the armed forces or is a merchant seaman;
- aged 17 or under or over retirement age.

Rate of recovery

The rate of deduction will be based on the level of net earnings and will be subject to statutory limits. If the customer were to subsequently claim that the rate of deductions under the DEA was too high in their case, they would be expected to provide full details of their income and expenditure. DWP may then be willing to review the amount deducted under the DEA.

If a DEA is implemented in a customer's case, employers may charge an administration fee. This will not exceed £1 for each deduction from earnings.

As part of the overall debt collection process, Debt Collection Agencies will continue to be used in appropriate cases.

Further Information

For more information about how the DEA will operate, please raise them via the usual channels, or contact the DWP by email at:
DIRECT.EARNINGSATTACHMENTS@DWP.GSI.GOV.UK

DIRECT EARNINGS ATTACHMENT – UPDATE TO THE EMPLOYER'S GUIDE

23 April 2013

The Department for Work & Pensions have updated their Employer's Guide to Direct Earnings Attachments (DEA).

The Employer's Guide aims to provide the employer with a guide on how to operate and make payments for a Direct Earnings Attachment if asked to implement a Direct Earnings Attachment during the pilot period, which began on 8 April 2013.

Be aware that a dedicated helpline 0845 600 0685 has been provided to assist employers who receive a letter requesting them to operate a DEA.

Direct Earning Attachments

17 October 2013

The Department for Work and Pensions (DWP) has developed detailed Direct Earning Attachment (DEA) guidance through consultation with employer and payroll software development representatives.

The guidance deals with the procedures to follow when implementing a Direct Earnings Attachment issued by the Department for Work and Pensions.

The guide will be published shortly by the DWP on GOV.UK but in the meantime, members can download the guide through this link.

DWP Publish V4 of Employer Guide to Direct Earnings Attachments

18 November 2013

The Department of Work & Pensions has published updated guidance for employers on Direct Earnings Attachments.

Version 4 of Direct Earnings Attachment: an employer's guide can be on found on GOV.UK alongside the more detailed guide for employers and software developers.

Revised guidance for dealing with Direct Earnings Attachments

4 February 2014

The Department for Work and Pensions (DWP) has issued revised guidance for dealing with Direct Earnings Attachments (DEAs).

The changes relate to how pension contributions should be considered when calculating net earnings, and how irregular earnings should be calculated.

Net earnings – in the original guidance all pension contributions were deducted from gross earnings, along with Income Tax and National Insurance contributions, in order to arrive at a net earnings figure. It has now been agreed that Stakeholder Pensions and Free Standing AVCs are excluded from this calculation. The DWP guidance leaflet therefore now states:

- for the purposes of calculating a DEA deduction, net earnings means earnings after the deduction of:

- Income Tax
- Class 1 National Insurance and
- Superannuation contributions

As this definition is consistent with that set out for other orders (e.g. Council tax orders) the assumption is that developers (and employers) will apply pension/superannuation contributions as set out above.

Irregular earnings - the calculation of irregular earnings has now been amended to bring it into line with the treatment of other orders, such as Council Tax Attachment of Earnings Orders.

The DWP has revised its guidance leaflets and these are both available on the Gov.uk website.

CIPP survey on readiness to action Direct Earnings Attachments

10 April 2014

Are you aware that the issue of Direct Earnings Attachments came into force on 1 April 2014?

The Welfare Reform Act 2012 allows the Department for Work and Pensions (DWP) to ask you, as an employer, to make deductions directly from a customer's earnings. They will do this by asking you to operate a Direct Earnings Attachment (DEA). They do not have to go through the civil courts to do this, unlike the Attachment of Earnings Order (AOE) process, for example.

A DEA has its own regulations and operates differently from other orders such as Deduction from Earnings Order (DEO), Attachment of Earnings Order (AEO) and Council Tax Attachment of Earnings Order (CTAEO). A DEA does not replace any of these other orders and in some circumstances employers may receive requests to implement deductions for multiple orders for the same employee.

Local Authorities, who can recover monies resulting from Housing Benefit overpayments, also have the power to issue a Direct Earnings Attachment under this legislation.

Although the routine issue of DEAs came into force on 1 April 2014, there was a pilot running during 2013 so it may be that some employers have already been asked to action one of these orders.

The policy team has created a quick survey to find out whether you already knew about DEAs and whether you have processes in place should you receive one. The survey should take less than five minutes to complete and closes on Wednesday 16 April. Thank you in advance for your time.

Autumn Statement

Chancellor to deliver Autumn Statement on 4 December 2013

15 October 2013

On Wednesday 4 December, George Osborne will be setting out the next steps in the government’s plan to secure the economic recovery.

The Policy team will of course be tuning in and if there are any items of interest for payroll, we shall let members know.

BBC News press release

Chancellor to make his annual Autumn Statement on 5 December

13 November

On 11 November 2013 the government announced that the Autumn Statement will now take place on 5 December 2013

The Chancellor of the Exchequer, George Osborne has announced that he will give his annual Autumn Statement to Parliament on 5 December 2013.

The statement provides an update on the government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility. These forecasts will be published alongside the Autumn Statement on 5 December.

The CIPP Policy Team will be covering the Autumn Statement and will provide an update as soon as the details have been announced.

Read more about the Autumn Statement

Autumn Statement December 2013

5 December 2013

"The best way to help business is by lowering the burden of tax!"

Well, it would appear that we are "A country that lives within its means" and, "our hard work is paying off" our government has "stuck to its guns" – our reward for all our hard work it would appear – is potentially more hard work!

More hard work in the form of us being central to the successful delivery of a new apprenticeship scheme where the employer is to pay more towards the training and development of its apprentices whilst seeing reduced funding being delivered via an HMRC led system? At a time when we have yet to see out a "year of transition" from one HMRC led system to another - in one piece – this must put even the most experienced employer of apprentices on alert.

The Chancellor believes that the best way in which government can help business is by lowering the burden of tax – and who could disagree with such a laudable goal – but we have to ask at what cost? Reducing the direct cost to business in taxes - and it would appear the Employer National Insurance contributions now fall in to that category for our Chancellor - and replacing it with higher and yet almost invisible costs of administering that tax system for the employer and for business, surely cannot be the best for business, albeit the impact it will have on increasing job numbers is to be welcomed.

A transferrable tax allowance for married couples and civil partners will indeed tick a box for many individuals but only if that transferrable amount can be effectively and efficiently communicated and administered – and how will that happen – oh yes, by that same HMRC led system that is currently experiencing a year of transition.

All encouraging news for the payroll profession – whatever business area we work in within our industry we can be certain of job security for some years to come – but for businesses and for our employers well, that is as yet another story.

As ever the “devil is in the detail” and as the Annual Statement 2013 runs to a mere 122 pages – you can expect us to be providing you with more detail in the coming days but in the meantime the CIPP policy team have put together the following highlights for your delectation and delight!

Bad news buried in a one liner – Apprenticeships

We have said it before and we will say it again, why is it that government buries potentially bad news for payroll through a one liner? The Chancellor said and we quote “To build on this success, **the government will reform apprenticeship funding to ensure that employers are at the heart of the system and it delivers skills that meet the demands of UK businesses. The government will put business at the centre of the apprenticeship system by enabling employers to receive funding for the training costs of apprentices directly through an HMRC-led system and ensuring that employers contribute**. This change will raise apprenticeship standards and ensure they align with the needs of business.”

CIPP comment
So what does this mean for payroll? You will recall the recent consultation BIS conducted where they had three options up for debate. Option 2 was where employers would receive their funding through the PAYE system. Call us sceptical but “an HMRC- led system” would imply that option 2 is going to happen. Why are the CIPP really, really disappointed by this news? Well as we all know this will have to go via our real time reporting returns. Whilst RTI has been successful for many employers there are still issues surrounding the reconciliation of accounts i.e. what the employer has reported and paid versus what HMRC says is due. Imagine now putting something that isn’t in fact earnings into the mix; potentially a disaster. As our introduction states the Chancellor also announced further investment in the public sector; let us hope this includes supporting HMRC with their systems which in turn will support employers. The CIPP will as you would expect, be champing at the bit to be part of the future discussions on how this will be implemented; assuming we can’t get them to do a U-turn of course!

The Chancellor clearly supports apprenticeship type schemes as he has also linked the Welfare caps to young people. Whilst he has said Job Centre Plus will be given more money to help those 16 and 17 year olds, which they don’t currently assist, for all young people; from day one of any benefit claim, those without a level 2 qualification in English and maths will be required to do up to 16 hours per week of training alongside jobsearch; if they don’t they risk losing their benefits. In addition after 6 months on Job Seekers Allowance all claimants will be required to participate in work a work experience placement, a traineeship or community work placement programme.

Personal Allowance, Rates of Tax, National Insurance Contributions for 2014/15

As announced at Budget 2013, people born after 5 April 1948 will be entitled to a basic personal allowance of £10,000 for 2014/15. The ‘higher rate threshold’ (the sum of the basic personal allowance and the basic rate limit) will be £41,865. As the personal allowance will be £10,000 for 2014/15, this means that the basic rate limit will be £31,865 the rates of tax will be announced at Budget 2014.

For 2014/15, there are no changes to the percentage rate of contribution for Class 1, Class 1A, Class 1B and Class 4 National Insurance contributions but there are changes to all of the thresholds and limits. The weekly rates for Class 2 and Class 3 NICs will be increased. The

Class 1 Upper Earnings Limit (UEL) and the Class 4 Upper Profits Limit for NICs will continue to be aligned with the point at which higher rate tax becomes payable £41,865. More on these rates and tables can be found here.

OTS report on simplifying the tax system in respect of employee benefits and expenses

The government has confirmed it will implement 9 'Quick Wins' identified by the OTS's interim report on employee benefits and expenses by the end of January 2014.

CIPP comment
The CIPP will provide more detail on these wins over the coming days.

Employee Ownership benefits

An annual exemption from income tax on bonuses or equivalent payments up to an amount of £3,600 paid to employees of companies that are indirectly employee owned.
An increase in the maximum annual value of shares that an employee can acquire with tax advantages under the Share Incentive Plans to £3,600 a year for 'free' shares and to £1,800 a year for 'partnership' shares. The Save As You Earn savings contribution limit will be doubled from £250 to £500. This will be the first increase for these schemes in over a decade.

CIPP comment
The government really do like these schemes, don't they!

Recognising marriage in the tax system

From April 2015, a spouse or civil partner who is not liable to Income Tax or not liable above the basic rate for a tax year will be entitled to transfer £1,000 of their personal allowance to their spouse or civil partner provided that the recipient of the transfer is not liable to Income Tax above the basic rate. The transferor's personal allowance will be reduced by £1,000. The spouse or civil partner receiving the transferred allowance will be entitled to a reduced Income Tax liability of up to £200.

No more paper road tax discs

The government announced changes to the current paper car tax disc system. The car tax disc is to be scrapped after 93 years and an electronic system is predicted from October 2014.

CIPP comment
Will this reduce some burden on businesses that have to ensure their vehicles display tax discs? It does mean no-one can hide as one assumes this will link to the intelligent systems the Police use?

Abolition of NICs for under 21s

Despite the Chancellor's stated commitment to simplify the tax system, his comments today brought another complication for payroll with the announcement that employer NICs will be abolished for young employees under the age of 21 earning under the Upper Earnings Limit, currently set at £813 per week. This will apply to both existing employees and to employers taking on new staff. No individual's state pension entitlement will be affected by this measure. As a result:

- an employer will save over £500 for every under 21 year old earning £12,000
- an employer will save over £1,000 for every under 21 year old earning £16,000
- nearly 1.5 million under-21 year olds will be lifted out of employer NICs completely, with an average saving of £355 per employee.

CIPP comment
Whilst the introduction of this new NI category from April 2015 will bring undoubted and welcome financial benefits for employers, it does bring with it an additional administrative burden initially to ensure the payroll software can cope with the changes. Of course depending on how long this relief continues will also mean payroll processes will need to be amended to ensure this category of employee is put on the correct NI letter. We do however welcome the news this will not be enacted until April 2015 giving the payroll industry time to plan properly.

State Pension age

The government states that it is committed to providing a generous State Pension. The Chancellor confirmed that the basic State Pension will be increased in line with the triple lock in April 2014 – the higher of average earnings growth, inflation or 2.5%. This is a cash increase of £2.95 per week for the full basic State Pension. Triple lock means that the full basic State Pension in 2014/15 will be around £8.50 a week higher than it would have been if it had been uprated only in line with average earnings growth since 2011/12.
In order to be able to afford a generous State Pension system, the State Pension age has to rise in line with increases in life expectancy. The government has already taken action to control pension expenditure over the medium term by bringing forward the rise in the State Pension age to 66 from 2026 to 2020, and introducing legislation to bring forward the rise to 67 from 2036 to 2028.

Life expectancy is always changing and the State Pension age needs to keep pace so a new State Pension age framework will be legislated for. This framework will mean that the State Pension age will be reviewed every Parliament, with the first review occurring early in the next Parliament. This principle is that people should expect to spend, on average, up to one third of their adult life in receipt of the State Pension.

This principle implies that the increase in the State Pension age to 68 is likely to come forward from the current date of 2046 to the mid-2030s and that the State Pension age is likely to increase further to 69 by the late 2040s. This, along with action this government has already taken on the State Pension age, could save around £500 billion from pension expenditure over the next 50 years.

The DWP will publish more detail about how this principle will work in practice.

Class 3A voluntary National Insurance

As well as reforming the State Pension system for future pensioners, the government will introduce a scheme to allow current pensioners, and those who reach State Pension age before the introduction of the new single tier pension in April 2016, an option to top up their Additional State Pension record through a new class of voluntary National Insurance contributions. The scheme will be introduced in October 2015 and will be time limited. The

details of the scheme will be set out closer to the time of implementation, with the price of the new class of National Insurance being set at a broadly actuarially fair rate.

The government will legislate for this scheme at the earliest available opportunity.

CIPP comment
This new scheme will not affect the payroll function as the new Class 3A NICs are to be a voluntary contribution. Interesting proposal as the removal of Contracting Out ends, but you can buy more if you want to?

Tax avoidance measures

Since 2010, the government has been relentless in its crackdown on tax avoidance and aggressive tax planning with reforms such as the General Anti-Abuse Rule and disguised remuneration legislation.

There are strong signs that the government's approach is working but a minority of taxpayers continue to seek out unacceptable ways to reduce the amount of tax that they pay. The government will therefore continue to take further steps to close down avenues for both tax avoidance and evasion. As announced in the Autumn Statement 2013, they will:

- ensure that those with the most in society make a fair contribution, including by introducing capital gains tax on gains made by non-residents disposing of UK residential property
- clamp down further on tax avoidance and aggressive tax planning, including by preventing employment intermediaries from disguising employment as self-employment to avoid tax, and by introducing a new power requiring taxpayers using avoidance schemes that have already been defeated in the courts to pay the tax they are trying to avoid upfront
- build on the unprecedented progress it has made in tackling offshore tax evasion and take further steps to tackle criminal gangs and fraudsters, including measures to tackle alcohol fraud and tobacco smuggling
- increase HMRC's target for securing additional compliance revenues by a further £3.7 billion by the end of 2015-16, on top of the £120 billion already forecast.

Offshore employment intermediaries

The Chancellor has for the last few years highlighted the increasing profile of tackling tax avoidance and tax evasion. Today's announcement addressed the issue of ensuring that the correct income tax and NICs are paid by employees and employers when offshore employment intermediaries are used.

At Budget 2013, the government announced that it would continue to gather evidence about the avoidance of employment taxes to inform future policy decisions. Today the Chancellor announced action to prevent employers using employment intermediaries to disguise employment as self-employment and thus avoid employment taxes and deny employment rights to their workforce. The government will legislate to prevent employment intermediaries from being able to use contrived contracts to disguise the employment of workers.

CIPP comment
A select committee of the House of Lords is currently conducting a call for evidence into the use of Personal Service Companies and IR35 legislation. The CIPP and the AAT are working jointly to obtain views from their members working within payroll, tax and

accountancy and have a survey running until 18 December 2013.

Tax evasion and illicit trade

The government has made unprecedented progress working internationally to tackle offshore evasion. It has expanded the network of jurisdictions with which it automatically exchanges information to tackle offshore tax evasion, most recently through the ground breaking agreements signed with the Crown Dependencies and Overseas Territories – namely the Isle of Man, Guernsey, Jersey, the Cayman Islands, Gibraltar, Bermuda, Montserrat, the Turks and Caicos Islands and the British Virgin Islands.

The UK has entered into agreements with Switzerland and the Crown Dependencies to recover significant amounts of previously unpaid UK tax. The UK-Swiss Agreement is now expected to secure a total of £1.9 billion over the forecast period. This is less than originally forecast and the government is working closely with the Swiss authorities to ensure the agreement is being fully and properly implemented. The agreement has, however, already yielded the Exchequer almost £800 million in unpaid tax which would not otherwise have been received.

Fraud, error and debt in the tax and benefits systems

The government is taking wide-ranging action to reduce fraud, error and debt in the tax and benefits systems and will invest an extra £140 million to ensure that everyone pays what they should (Real Time Information?), and to reduce the amount of debt owed to government. Autumn Statement 2013 announced that the government will:

- stop tax credit payments during the year where, due to a change of circumstance, a claimant has already received their full annual entitlement – this will prevent claimants building up overpayments that must be repaid at a later stage
- maintain more regular contact with pensioners living abroad, to reduce overpayments in the state pension system that arise when a death goes unreported
- work in partnership with a private sector provider to carry out fraud and error checks to prevent money being paid out to tax credit claimants erroneously. Also undertake more data matching across the benefits and tax systems to spot benefit claimants with undeclared income and investigate these cases swiftly
- implement a Single Fraud Investigation Service to investigate fraud across the whole of the welfare system
- increase the use of private sector debt collection services to enable DWP and HMRC to expand their capacity to recover benefit and tax credit debts
- expand HMRC's capacity to collect additional tax debt that has gone repeatedly unpaid.

Further details on all these measures are due to be announced shortly.

Other items of interest

Help for small businesses
HMRC want dealing with tax to be as simple and straightforward as possible, so giving small businesses greater confidence and certainty.

Last year HMRC published their commitments to make tax easier to understand and make 'doing tax' simpler and quicker. This year they are publishing an update which showcases the improvements and new products HMRC has developed.
They have listened to small businesses, who told them an online document would be more useful for them, so this year HMRC has developed an online interactive format which included lots of links to services and products for small businesses- helping them to get their tax right, first time.

HMRC hope that many small businesses will find the guide useful. It has been structured around a number of themes, so businesses can dip in and out of the sections that are of most interest to them:

- improving support - setting out what support and help is available to small businesses, including apps and products like business tax dashboard
- delivering simpler tax rules - including the new employment allowance of £2000, available from April, as well as tax reliefs and incentives
- reducing burdens - how HMRC has reduced costs to small business, and
- improving services - improving transactions.

HMRC has also described what's coming up in the next 18 months or so - especially their new personalised online account service which will allow small businesses to deal with their business tax affairs in one place, simply and easily. You can access the guide here.

Capital Gains Tax (CGT) Private Residence Relief – Final period rule

The final period exemption applies to a property that has been a person's private residence at some time even though they may not be living in the property at the time they dispose of it and they may be claiming private residence relief on another property at the same time. From 6 April 2014 the final period exemption will be reduced from 36 months to 18 months.

CGT Non-residents and UK residential property

From April 2015 a capital gains tax charge will be introduced on future gains made by non-residents disposing of UK residential property. A consultation on how best to introduce this will be published in early 2014 on GOV.UK.

CGT Annual Exempt Amount

The annual exempt amount will be £11,000 for the year 2014/15 and £11,100 for 2015/16 and subsequent years. The exemption for most trustees will be £5,000 and £5,500 respectively.

Social Investment Tax Relief

A new tax relief for investment in social enterprise will commence in April 2014. Following consultation investment in Social Impact Bonds will also be eligible.

ISA, CTF, SIP and SAYE Annual subscription limits 2014/15

- for Share Incentive Plans (SIPs) the individual limits on the 'free' shares companies can award to employees for 2014/15 will be increased from £3,000 to £3,600 per year and the individual limits on the 'partnership' shares employees can purchase will be increased from £1,500 to £1,800 per year (or 10% of an employee's annual salary)

- for Save as You Earn (SAYE) the amount that employees can save and apply towards the purchase of share for 2014/15 will be increased from £250 to £500 per month
- the overall annual Individual Savings Account (ISA) subscription limit for 2014/15 will be £11,880, of which £5,940 can be invested in cash
- the annual subscription limit for Junior ISA and Child Trust Fund (CTF) for 2014/15 will increase from £3,720 to £3,840.

Fuel Duty Main Rate Freeze

The increase due in September 2014 has been cancelled and there will be no further increase in the current Parliament.

Joint digital registration for Charities with Charity Commission

HMRC will develop a new IT system to allow organisations wanting to register with the Charity Commission for England & Wales (CCEW) and seeking charity tax status with HMRC to submit their applications through a single online portal. The new system is planned to be introduced in 2015/16 and will later be extended to enable charities in Scotland and Northern Ireland to register with their charity regulators at the same time as they apply to HMRC.

Inheritance Tax Online

HMRC will be investing in a new online service to support the administration of Inheritance Tax. This will do away with the need to complete paper versions of forms and enable people to proceed with their application for probate and submit Inheritance Tax accounts online. It will also improve the customer experience as well as HMRC's ability to perform compliance activities. It is anticipated that the new online service will become available in 2016.

Corporate gift aid for Community Amateur Sports Clubs (CASCs)

Legislation in Finance Bill 2014 will extend corporate Gift Aid on gifts of money to include qualifying donations of gifts by companies to Community Amateur Sports Clubs (CASCs).

Better Regulation

BOOST FOR BUSINESS AS RED TAPE CUT FROM 6 APRIL

8 April 2013

Many items of red tape for businesses have been cut from 6 April 2013. The reforms respond directly to issues raised by businesses, including through the Red Tape Challenge, which invites firms to give their views on which regulations should be improved or scrapped. Simplifying the way firms use their assets to raise finance will save businesses over £21 million. Changes include moving registration and payment online and introducing a UK-wide registration system for the first time.

Deregulatory changes to building regulations are part of a wider package that will save business in total over £50 million per year, whilst ensuring buildings remain safe and sustainable. Reforms coming into force today include reducing administration on low-risk

electrical works, and clearer, more consistent guidance on requirements for access to buildings, glazing and protection from falling.

The drive to simplify health and safety requirements continues with the removal of a raft of redundant or unnecessary regulations in areas including celluloid film, shipbuilding and ship repair.

Abolishing pointless regulations affecting the sale of goods will free up valuable time for retailers and give more clarity to consumers. The age at which Christmas crackers can be bought is being lowered from 16 to 12 - getting rid of heavy-handed government intervention in the sale of these harmless objects, and promoting greater personal freedom and responsibility.

Unnecessary regulations specifying the quantities of heavy metals in pencils, and redundant measures to prevent arsenic getting into food are also being abolished. Product and food safety is now covered by modern legislation, reflecting latest technological knowledge and ensuring comprehensive consumer protection.
The minimum consultation required for large-scale redundancies falls today from 90 to 45 days, giving employers greater flexibility to restructure but ensuring that meaningful consultation with staff takes place.

Business Minister Michael Fallon said:
Setting business free from the restrictions that hold back enterprise is a compulsory step on the road to growth. We've listened to firms and taken prompt action where regulation presents barriers - but there is a huge amount still to do.

We will quicken the pace by launching a new phase of the Red Tape Challenge this summer, focusing on key areas for growth. And I'm keeping up the pressure across Whitehall so that government always puts business before bureaucracy.

As well as cutting the overall burden of regulation, we are sharpening up how rules are enforced. We'll make sure regulation works in the public interest without stifling law-abiding firms and hampering growth.

A total of 1,500 regulations have now been identified for reform through the Red Tape Challenge - with many more still to come.

Recent measures include reducing accounting requirements for micro businesses, publishing new procedures which could halve the time for medicines to be reclassified from prescription-only to over-the-counter status and reviewing the Air Travel Organisers' Licensing scheme to ensure that it provides more effective protection for holidaymakers.

A full list of reforms which came into effect on Saturday is contained in the Fifth Statement of New Regulation.

GROWING YOUR BUSINESS - A REPORT ON GROWING MICRO BUSINESSES

13 May 2013

The Department for Business, Innovation & Skills has published the second of Lord Young's which highlights the growing importance of micro-businesses and makes recommendations of help that government could provide to help micro-businesses to grow.

Over 95% of businesses employ less than 10 employees and Lord Young's second report Growing Your Business – A Reporting on Growing Micro Businesses includes a recommendation to remove the age cap – currently set at 30 years old – for the Government's Start-Up loan scheme, so that all entrepreneurs that would otherwise struggle to secure the necessary finance and support can benefit.

The Start-Up loan scheme can provide support in getting business ideas off the ground with a loan of typically around £4,500 and mentoring support. It has exceeded expectations by 50% in its first year, with 3,768 loans worth around £16m now issued since its launch in the autumn. Many of these new businesses are now taking on their own employees.

Further recommendations in Lord Young's report include:

- Legislating to abolish pre qualification questionnaires (PQQ) on contracts under €200k across the public sector, and setting "single market" principles which suppliers can expect when doing business with the public sector. These principles would simplify and standardise the bidding, payment and advertising of contracts, and would remove the complexity, cost and inconsistency when trying to sell to more than one local authority or public sector body. This would help SMEs further access the £230 billion per year that is spent on goods and services across the whole public sector.

- A £30m Growth Voucher programme to encourage more small firms to get specialist help on: expanding their workforce; marketing a business; financial management and growing online. Businesses that use external advice at key stages in their development grow faster than those that do not - but too few are taking this up.

- A greater role for business schools in the local economy with the establishment of a new national "Supporting Small Business Charter" and accompanying award scheme to incentivise business schools to help SMEs grow. This will include advising small firms and increasing the flow of highly qualified students and graduates into SMEs. Business schools could also become a key part of the referral process and provision of Start-Up Loans and Growth Vouchers.

- Enabling the private sector to provide advice to SMEs on the Government's website GOV.UK and releasing the online SME advice that the Government holds after the closure of the Business Link website to third party providers for them to rebuild and improve.

- Better marketing of Government schemes to support new and developing businesses by ensuring they are properly resourced and targeted at the small firms that need them most.

The Government will now take these recommendations forward.

Lord Young said:

"We have one of the best environments in the world for the creation of new firms. What this report endeavours to do is to help and encourage all those new firms to now take on their first employees and grow."

"Growing our smallest businesses would transform our economy – they are the vital 95%. If just half of the UK's micro businesses took on an additional member of staff, unemployment would be reduced to almost zero. We need to raise the aspirations and confidence of these businesses and give them the tools to grow."

The press release can be read in full at GOV.UK

MAJOR PROJECTS DATA

28 May 2013

As part of the government's transparency policy for publication of major projects data, the Major Projects Authority (MPA) has published its first annual report on the government's major projects portfolio (GMPP).

Each government department has also published detailed information about their specific projects. The data includes:

- the MPA RAG (Red, Amber, Green) rating
- key project data including financial information (whole life cost, annual budget and forecast spend)
- project timetable
-

This data is 6 months in arrears and will be updated every 12 months.

Consultation on company filing requirements

8 October 2013

The government believes that there is scope to simplify the processes for filing information at Companies House and to remove duplication of effort for companies.

The government has reviewed company law as part of its commitment to reducing unnecessary regulatory burdens under the Red Tape Challenge. They have published a consultation to seek views on options for improving company law and Companies House procedures.

The policy team will be reviewing this consultation and will publish a survey shortly if deemed necessary.

Admin Burdens Advisory Board publishes its annual report to the XST

14 March 2014

The Administrative Burden Advisory Board (ABAB) has published its Annual Report to The Exchequer Secretary to the Treasury (XST), David Gauke.

This Annual Report details the work carried out over the last 12-24 months and also highlights the priority areas for the future. Not surprisingly Real Time Information (RTI) is listed, especially the challenge around the cost model.

If you would like to make suggestions on what ABAB could consider going forward please submit them via their online portal or contact the CIPP's Karen Thomson who is a member of this Board.

The Office of Tax Simplification

THE OTS LOOKS AT EMPLOYEE BENEFITS AND EXPENSES

21 May 2013

Have you ever thought that the administration of Expenses & Benefits could be improved or simplified? If so, and we can't imagine that an odd thought or two won't have strayed across your mind, the Office of Tax Simplification would like to hear from you.

CIPP members will hopefully have noticed that the Office of Tax Simplification (OTS) has started a project looking at employee benefits and expenses (EBE for short). Details of the review, including the formal terms of reference for the project can be found at http://www.hm-treasury.gov.uk/ots_employee_benefits_expenses.htm.

As with previous OTS projects, our aim is to look for the things that cause problems in practice – technical or administrative issues, matters that take too much time or cause uncertainty, or where the rules as they apply do not seem fair or reflect current working practices. We will go on to develop recommendations that we can put to the Chancellor that would simplify the system for users.

In framing our recommendations, we have to bear in mind our brief to be broadly revenue neutral and we cannot promise that all our points will be taken up. But if we can show that there will be a real simplification dividend from any change, that will maximise the chance of getting improvements. Hence the importance of the first phase of our work – which is evidence gathering. We would welcome any comments and contributions from CIPP members, ideally setting out area(s) of difficulty and why there are problems. Actual examples of difficulty, excessive time taken etc. are very valuable to us.

Our target is to produce an initial report on the problem areas we have identified at the start of August. We will then proceed with studies of specific areas and will be looking for the best ways to improve matters – so will be asking CIPP members for further input in due course.

Please send any contributions, however brief, to OTS-Employee.Benefits@ots.gsi.gov.uk
John Whiting
Tax Director, OTS
ots@ots.gsi.gov.uk

EMPLOYEE BENEFITS AND EXPENSES COMMITTEE MINUTES – 17 JUNE 2013

2 July 2013

HM Treasury and the Office of Tax Simplification have published the minutes from the Employee Benefits and Expenses committee meeting held 17 June 2013.

The minutes were taken at the meeting of the Employee Benefits and Expenses Committee 17 June 2013 and include a very long list of subjects that have been mentioned as possible areas needing review, improvement or simplification, the minutes report that the OTS team plan to publish a first draft of the interim report, during the week starting 5 August.

The OTS expects to agree with the Chancellor over the summer which areas to focus on for the second stage of the review.

OTS INTERIM REPORT ON EMPLOYEE BENEFITS AND EXPENSES

8 August 2013

As previously reported the Office for Tax Simplification (OTS) has been reviewing the tax rules around employee benefits and expense and an interim report has now been published.

It is of no surprise that the report has concluded that ‘the complex system for reporting and taxing employee benefits and expenses is ripe for a complete overhaul’.

The report identifies some ‘big picture’ issues for further study such as ‘payrolling’ of benefits, abolishing the £8,500 ‘higher paid’ threshold, and smoothing the differences between tax and national insurance rules.

The OTS proposes to focus on four core areas in the coming months:

- HMRC's administration of the system including the P11D form;
- travel and subsistence;
- accommodation; and
- termination payments.

Alongside this, the report makes 43 suggestions for quick simplifications. These include streamlining the cycle to work scheme, aligning tax and NIC treatment of mileage rates over 45p, changes to the HMRC forms and publishing a list of items that automatically qualify for a 'dispensation' (meaning no benefit will arise for employees).

The review by the tax simplification team – which is looking to simplify benefits and expenses for 4 million employees and 300,000 employers – is at the halfway stage, and the OTS has gathered feedback from hundreds of people at over 50 events around the country to find out the issues with the current system.

John Whiting, Tax Director of the Office of Tax Simplification said:

"It is clear that the current system for reporting expenses and benefits is simply not working well for employers or employees and also, in many cases, HMRC. Time and again – through our workshops and in submissions – people have told us that the rules around travel and subsistence, accommodation or HMRC admin, are causing them problems and costing them time."

"One of our key objectives is making sure the system reflects today's working environment: evidence suggests that it is outdated in a number of areas. There are some big questions we need to examine, but in the meantime we have also identified some small quick wins which we think would help."

"We are now looking to develop workable ideas that will make things easier for everyone with the aim of significantly reducing the 4.5 million P11Ds completed annually, and will be putting those proposals forward in our final report to the Chancellor before the next Budget."

Final details of the next stage of the review will be agreed with Treasury Ministers over the summer and final recommendations will be reported ahead of Budget 2014. The OTS remains open to views from anybody, which can be submitted through the mailbox: ots-employee.benefits@ots.gsi.gov.uk

The CIPP and the AAT joint survey on the OTS interim report on benefits in kind

30 August 2013

Have your say in shaping the future of the benefits in kind system.

The Office of Tax Simplification (OTS) has published a review of employee benefits and expenses: interim report. This report is intended to be a summary of findings from the OTS research into this substantial subject.

The report identifies some of the main issues and would like feedback on the OTS's "Big Picture" issues contained within the report, and also on the "quick wins" identified. The report outlines that these are not final recommendations or solutions but are there to highlight at this stage.

The Chartered Institute of Payroll Professionals (CIPP) and the Association of Accounting Technicians (AAT) are working jointly to obtain the views from the payroll profession and the accountancy profession. We would therefore appreciate it if you could spare 20 minutes of your time (excluding any reading) to complete this survey.

There is a short timescale for collecting the results as both organisations would like to provide feedback to the OTS to aid any discussions in the next couple of months. The survey has, where possible, explained the thought process around the questions, but we would recommend respondents take the time to review the interim report prior to completing the survey. The survey will close at the end of business, Tuesday 10 September 2013.

Thank you in advance for your time and input.

CIPP and AAT joint response to the OTS employee benefits and expenses interim report

3 October 2013

The CIPP and AAT have submitted a joint formal response to the recently published 'Review of employee benefits and expenses: interim report' by the OTS, which confirms both organisations support the OTS recommendations.

The CIPP and the AAT surveyed their prospective members to obtain views on the quick wins and future recommendations by the OTS (Office of Tax Simplification) in respect of employee benefits in kind. Both the AAT and the CIPP support the OTS recommendations. Encouragingly so does the Exchequer Secretary to the Treasury (XST), David Gauke, as he states in a recent letter to the OTS requesting they continue with their work and report further in the New Year.

The full CIPP and AAT joint response can be accessed through the link on the CIPP website.

OTS review of employee benefits and expenses – second report

30 January 2014

A set of recommendations on how to simplify and streamline the complex system for reporting and taxing employee benefits and expenses has been set out in a report published today by the Office of Tax Simplification (OTS).

The report, which is looking to simplify benefits and expenses for four million employees and 300,000 employers, sets out a number of ways to make the reporting of expenses and benefits easier for both employee and employer. The report includes over 20 proposals to simplify the process, such as:

- Processing benefits through the payroll system, rather than having to submit a P11D (the form used to submit an employee benefit) directly to HMRC – this will reduce the burden on employers and make the reporting more accurate;
- Extending the PAYE Settlement Agreement (PSA) process to allow employers to deduct all tax due on benefits and expenses. Currently only certain expenses can be paid this way;
- A de-minimis limit for trivial expenses – anything under £50, the OTS suggests, will not need to be taxed;
- Clearer rules on the definitions of workplaces, ensuring employees only have one permanent place of work which is where they spend most of their time.

The OTS also sets out two areas for longer term study:

- Moving National Insurance Contributions (NICs) and income tax closer together, including harmonising definitions and modernising NIC calculations;

- A fundamental policy review as to what is and what isn't a taxable benefit, taking into account today's working practices.

John Whiting, Tax Director of the Office of Tax Simplification, said:

"We have listened to those that use the system – employers, agents and HM Revenue and Customs staff – and there is a lot of scope to simplify and streamline the current system. We can get some real simplification wins with some sensible changes to what counts as a benefit and how it is taxed, together with some modernising of the rules around travel and subsistence.

"We believe the recommendations we have made better reflects today's working practices. Our quick wins will help, but the bigger work will begin to fundamentally change the way benefits and expenses are reported, making it easier for everyone. There is a big target here: the 4.5 million P11Ds completed annually, which we think could be reduced by 90 per cent or more."

The report builds on an interim OTS report published last summer which set out a series of quick wins. These included: streamlining the cycle to work scheme; aligning tax and NIC treatment of mileage rates over 45p; changes to HMRC forms; and, publishing a list of items that automatically qualify for a 'dispensation' (meaning no benefit will arise for employees).

The Policy team will be reviewing the '91 page' report and will provide a summary on the detail shortly.

OTS review of employee benefits and expenses – second report

28 March 2014

At the end of January the Office of Tax Simplification (OTS) published a report with a set of recommendations on how to simplify and streamline the complex system for reporting and taxing employee benefits and expenses.

The CIPP policy team has digested the 91 page report and was interested to see the OTS's aims are to reduce P11Ds by 99% which is a mammoth task. If the government/HMRC/HMT are brave enough to implement their recommendations, we really could see a reduction in burdens in respect of form filling.

The CIPP has for many years lobbied for payrolling and has produced research papers in the past. Each time the majority of the payroll profession has said, *get rid of P11Ds and put through the payroll*.

There are a number of radical suggestions too, such as Class 1A monthly but then even going as far to say remove Class 1A and make Class 1 on all benefits, with a possible reduction in the percentage rate of course. The only concern we have at the CIPP in respect of the payrolling recommendation is that it would be voluntary and start perhaps with just some benefits. We understand the reason for voluntary and accept the OTS's observations that as payrolling becomes the "norm" more will do it anyway. However we do have concerns for the employee having multiple employments or just moving between jobs and there being different practices in operation.

We would also encourage HMRC/HMT etc. to look at the way in which benefits are calculated to ensure all benefits in kind can go through the payroll if the employer chooses rather than just some because not all are a good fit. However if of course all are subject to Class 1NICs and there is a change in the rules for them to be annual etc. then this might solve the problem as it wouldn't need to be NICs at the time of receiving the benefit as it were.

We do hope to see consultation forums set up for the future 'simplification and streamlining' with the intention of 'action' and not to 'make sure nothing happens'. The CIPP policy team will of course be involved at every stage.

Karen Thomson has written a full summary of the report which can be read in the April issue of the CIPP magazine; PayrollProfessional which is available to read online now.

Budget 2013

20 March 2013

Dare we say it, the Budget turned out to be quite exciting; well in the CIPP policy world anyway. After the stop, start in the school playground, finally the Deputy Head Teacher (the Deputy Speaker) brought the children (MPs) to order. Mr Osborne congratulated the Coalition on their successes much to the bemusement of the Opposition.

Osborne started the budget with the statement "that this budget is aimed at people who work hard and want to get on". Clearly after working hard those who like a tipple, well beer anyway, will find their pennies will stretch just that little bit further.

For those of us worried by the previously announced September fuel duty increase the Chancellor confirmed that not only would it not be introduced but cancelled altogether.

For those fortunate enough to be in the payroll industry there were some surprising and long awaited wins such as the massive increase in the beneficial loans rate, and confirmation that the admin burdens are not set reduce for us anytime soon!

Osborne confirmed that the public sector will once again have pay restrictions to no more than 1% but it is good news for our armed services who will not feel this restriction and instead the government accepted the Armed Forces Pay Review recommendations.

Not surprisingly the Chancellor has made some deals with tax advantageous countries to tackle further tax avoidance; naming and shaming with no safe havens! Tax advisors who help individuals and or businesses to find tax avoidance schemes will not escape he said!

Confirmation of the penalty regime in respect of real time information is also included in the Budget documentation.

The key areas affecting the payroll industry can be found below, but until then if you would like many hours of light, bed-time reading click here for the full suite of Budget papers.

Main Budget Summary

Employment Allowance for businesses

The government will introduce for all businesses and charities a £2000 allowance per year from April 2014. This will be offset against the employer National Insurance liability. It will be reclaimed via the payroll returns submitted via real time information.

CIPP comment: The government confirmed they intend to discuss how this will work and any implications for payroll with stakeholders after the budget announcement. The CIPP will of course be involved with this consultation work and will advise the profession on the changes required as soon as possible. This will of course have a major impact for payroll software developers and the RTI specifications!

Company Car Tax

Two new bands to be introduced in the 2013 Finance Bill, for emissions up to 75g effective from 6 April 2015.

The rate of fuel benefit charge for company cars, vans and the vans benefit charge will all increase in line with inflation (RPI) for 2014/15.

New Childcare Scheme from 2015

As reported by the CIPP on 19 March 2013, the Chancellor confirmed tax relief of up to £1200 per annum, per child in his Budget speech. HM Treasury has confirmed the CIPP will be involved in the consultation as to how this new scheme will work in practice.

Income Tax Personal Allowance

For those born after 5 April 1948, the Personal Allowance will increase to £10,000 from 2014. This increase has been brought forward by one year as it was originally expected to be in 2015. However the budget also states after this major increase in 2014, the allowance will then increase each year by the rate of inflation (CPI).

Also from April 2014 the basic rate threshold will be set at £31,865 and the higher rate will increase by 1 percent to £41,865.

Exemption threshold for employer provided beneficial loans

The threshold will increase from £5k per annum to £10,000 from April 2014.

CIPP comment: As many payroll professionals will be aware, the CIPP ran a survey in January 2013 after the rail fare increases to understand the impact on employers who provide beneficial loans to assist with rail season tickets. The results showed overwhelming support for the CIPP policy team to lobby HMT to consider increasing the £5k limit. The CIPP welcome this news as it will clearly aid many employees and therefore employers to assist with the ever increasing rail fares.

Collection of debts through PAYE tax codes

The government has announced that later this year it will consult on how it can improve the collection of tax debts through PAYE tax codes to include how they can increase the size of debt that can be recovered through a tax code for those with higher earnings.

Scoping exercise into partnerships

The Office of Tax Simplification will carry out a scoping exercise as part of a review which will look to simplify the taxation of partnerships. More on this to follow.

Pension Tax Relief

The Finance Bill 2013 will confirm the previously announced pension tax relief changes that result in, for the 2014/15 tax year onwards:

- Annual Allowance £40,000 per annum
- Life Time Allowance £1.25million

Individual tax relief protection

The government will consult on the detail of the individual protection regime that will apply when the standard life time allowance is reduced to 1.25 million.

***CIPP comment**:*
The CIPP currently sits on the Pensions Industry Stakeholder Group and will be consulting on the impacts with members in the coming months.

Income Tax/NI treatment for employee shareholders

The government is proposing to reduce or eliminate the income tax and NICs due when employee shareholders acquire shares, by deeming that they have paid £2,000 for the shares. This will ensure that the first £2,000 of share value received by employee shareholders is not subject to income tax or NICs.

Self-employed NICs simplification consultation

The government is to consult on proposals to simplify NICs for the self-employed, specifically looking to collect Class 2 NICs as part of self-assessment alongside Class 4 NICs and Income Tax.

Confirmation of small business tax simplification

Finance Bill 2013 will bring in legislative change required to simplify accounting practices for small business as announced in Budget 2012 and will be effective for5 accounting periods from April 2013.

Corporation Tax reduction

The Chancellor announced yet another reduction in the rate of Corporation Tax. The rate of 21 percent in 2014 will be reduced to 20 percent from 2015. The rate from April 2013 is as previously announced at 23 percent.

THE QUEEN'S SPEECH 2013 – WHAT IMPACT FOR PAYROLL?

8 May 2013

Following on from the government's aims outlined in the March Budget, the Queen's Speech reiterated the commitment from Her government to rewarding "people who work hard."

So, that's good for those of us working within the Payroll Industry, as we look forward to receiving our just rewards!

You could be forgiven for thinking that with a speech being delivered in just over 7 minutes, the government doesn't have a lot planned for the coming parliamentary session, how wrong you would be! The Briefing Notes running to a tune of 92 pages would argue otherwise and just as we expect with the Budget, the 'detail' rather than the speech itself will undoubtedly provide us with more than we may have thought at first hearing!

In the meantime however, our workloads have been assured by way of the following statements:

…commitment to give every business and charity a £2,000 allowance towards their National Insurance Contributions bill, from April 2014, which is said to potentially benefit 1.25 million businesses;

Increase to the income tax personal allowance by £560 to £10,000 from April 2014 which will take 2.7 million people out of tax altogether… (but will this lighten the administrative burden on the employer?)

The introduction of a new system of tax-free childcare vouchers to support working families with 20 per cent of childcare costs. The scheme will be phased in from 2015-16 and once fully phased in will provide support for children under 12, up to a limit of £6000 for each child per year;

Implementing Universal Credit – to simplify the welfare system and make work pay, changing the incentives in the benefit system so that it acts as a springboard into work rather than a trap. We have yet to establish the impact, direct or otherwise, that Universal Credits will have on the employer, but we are experiencing the impact of Real Time Information and whilst it is early days we certainly can't say at this stage that this has, in all cases, lightened the load for the employer?

Together with vital pensions reforms – already introducing automatic enrolment into workplace pensions and bringing in the single tier pension from January 2016 – we are ensuring that, first that it pays to work, and then it pays to save. In doing so, we will help to reduce poverty and welfare dependency, setting people on a journey to independence.

Clearly the payroll industry is going to be taking centre stage in ensuring the delivery of a significant proportion of the government agenda in the coming parliamentary year.

National Insurance Contributions Bill

The main elements of the National Insurance Contributions Bill are:

- Reducing employer NICs bills each year by, from April 2014, entitling every business and charity to a £2,000 Employment Allowance.
- Extending the General Anti-Abuse Rule to NICs, reinforcing the Government's commitment to tackle abusive avoidance.
- Strengthening legislation to prevent the use of offshore employment payroll companies (intermediaries) to avoid employer NICs.
- Removing the presumption for self-employment for limited liability partnership members.

Teachers Pay & Conditions

The Secretary of State accepted the STRB's recommendations on the grounds that they will:

- provide greater autonomy and more freedom for schools to spend their money as they see fit to meet their pupils' needs. Remove the inflexibility of the current system.
- enable schools to develop pay policies that are tailored to their needs and attract and retain those teachers that have the greatest impact on their pupils.
- raise the status of the profession by enabling teachers to be rewarded in line with their performance and the most successful to progress faster than at present on the basis of annual appraisal.

The changes come into effect from September 2013. A revised School Teachers Pay and Conditions Document (STPCD), setting out the new arrangements for teachers' pay, and Departmental advice to help schools reflect these in their own policies are now available on the DfE website. A further revision is expected to be made available in August 2013 to update the pay tables.

Pensions Bill - The main elements of the Pension Bill are:

The single-tier State Pension:
A new flat rate pension set above the basic means test to replace the current two-tier system of basic State Pension and earnings-related additional State Pension, to be implemented from April 2016.

Changes to State Pension age:

Two measures in relation to State Pension age: one to bring forward the increase to State Pension age to 67 by eight years, to take place between 2026 and 2028; and another to enable a regular review of State Pension age in the light of rising life expectancy.

Providing for automatic transfer of small dormant pension pots and abolishing short service refunds:
A framework for a system of automatic transfers so that someone's pension pot will follow them to their new pension scheme when they change jobs. It also provides for abolition of short-service refunds for defined contributions trust-based schemes for people who leave a scheme within two years.

New objective for the Pensions Regulator:
A new statutory objective for the Pensions Regulator to consider minimising any impact on the sustainable growth of sponsoring employers.

The Bereavement Support Payment:
Reforming the existing suite of bereavement benefits through the introduction of the Bereavement Support Payment - a single benefit to support people following bereavement.

Immigration Bill – the Bill would enable tough action against businesses that use illegal labour, including more substantial fines.

So, lots for us to continue getting our teeth in to, but thankfully no big surprises!

Budget 2014

25 February 2014

A reminder that this year's Budget will take place on Wednesday 19 March.

The CIPP Policy team will as usual be publishing a summary of the key announcements and will also be producing a webcast to discuss the implications for the payroll profession; be sure to listen in. In addition the CIPP Hot Topic events and National Forums are taking place throughout April where the Budget announcements will form part of the Policy team's legislation update. Visit our Events Calendar for full details.

CIPP Budget 2014 Summary

19 March 2014

Introduction
If you are a beer drinking pensioner who drives, has an abundance of savings and a penchant for Bingo then you will be cock-a-hoop with today's Budget. For the second year running there will be a penny off a pint and, in response to some hard lobbying, bingo duty is to be halved to 10 per cent. *"Support for savers is at the heart of this budget"* said the Chancellor and we also have another freeze on fuel duty as the increase planned for September is to be cancelled.

Mr Osborne certainly had plenty to say in his hour long budget speech today, but the good news for payroll professionals and employers alike is that there was no mention of any imminent new initiatives that will increase our already overloaded work plates in this tax year. Most of the relevant announcements looked to confirm what we already know, i.e. the personal allowance will increase to £10,000 from 6 April 2014 - more to follow on this in the main summary.

According to Mr Osborne the current government will *"fix the roof when the sun is shining to protect us from future storms"*, isn't he just the ultimate marmite man? He continued to

deliver plenty of modest one liners about the how the economy is continuing to recover and that it is happening faster than forecast. If the Office for Budget Responsibility (OBR) predictions are anything to go by, then this year, our economy will become larger than it was before the recession began 6 years ago and by 2018/19 we are to be in the black. But don't let us become complacent as this will only happen if *"current plans are adhered to"* we were told; *"this government are not going to jeopardise the progress made so far."* This could come with a health warning that excessive revisions appear to be unavoidable.

The announcement that we are to have new £1 coins produced by 2017 caused a surprising commotion in the house. Did we miss something or is it the fact that they are to take the shape of the old 'thrupenny bit', thus igniting fond memories from some of the snoozing back benchers? Apparently one in thirty pound coins are now counterfeit and the cost to us is millions each year in fraud; the Chancellor did say a more resilient pound for a more resilient nation – did you see what he did there? From a man who also said, lower borrowing and less interest means less debt; well you can see why this man is the Chancellor of the Exchequer.

Britain's potholes are to receive more investment as are the damaged flood defences and of course huge investment for travel services in various regions; proof that it isn't all about the HS2.

As ever, for any insomniacs out there, the full Budget 2014 document is available should you wish to read through its 120 pages. But to keep you informed and before you decide whether that is actually a necessary use of your time, below is a summary of the highlights.

Main Budget Summary

Personal tax

Income Tax, personal allowances, rates of tax and thresholds for 2015 to 2016

For 2015 to 2016 the personal allowance for those born after 5 April 1948 will increase to £10,500 and the basic rate limit will be £31,785.

For 2015 to 2016 the starting rate for savings income will reduce from 10% to 0%, and the maximum amount of an individual's savings income that can qualify for this starting rate will increase to £5,000.

The transferable tax allowance for married couples and civil partners announced at Autumn Statement 2013 will be set at 10% of the personal allowance from 2015-16. This means it will be £1,050 in 2015-16.

CIPP comment
Pre-budget BBC chat said that 'a clever personal tax surprise' would be announced. Can anyone see what's clever?

New Individual Savings Accounts (NISA), Junior ISA and Child Trust Fund (CTF): increasing flexibility for savers and investors

With effect from 1 July 2014 the annual subscription limit for cash and stocks and shares ISA will be equalised at £15,000, and restrictions on the transfer of funds between stocks and shares and cash ISAs will be removed. Consequential changes will be made to the rules concerning the securities and other investments that can be held in an ISA, and Core Capital Deferred Shares issued by a Building Society will also be eligible for investment in an ISA and CTF.

With effect from 1 July 2014 the annual subscription limit for Junior ISA and CTF will be increased from £3,840 to £4,000.

Premium Bonds
Premium Bonds, offered by NS&I, one of the oldest and best known savings products, are held by over 21 million people. The Budget announced that the cap on investments in Premium Bonds will be lifted for the first time since 2003, from £30,000 to £40,000, from 1 June 2014. It will then be lifted again to £50,000 in 2015-16. NS&I will also now offer 2 £1 million prizes per month, rather than 1, starting from the prize draw in August this year. This will increase savers' chances of winning the largest prize and allow people who want to save more through Premium Bonds to do so.

CIPP comment
The chancellor did say it was a budget for savers and this is certainly good news for those who actually have some savings and have suffered under the low interest rates. Older investors are also to benefit with the additional benefits from the cap increase on Premium Bonds.

Fuel Benefit Charge (FBC)
The FBC multipliers for both company cars and vans will increase in line with inflation for 2015 to 2016. The increase will be based on the September 2014 RPI figure.

Van Benefit Charge (VBC)
The VBC will increase in line with inflation for 2015 to 2016. The increase will be based on the September 2014 RPI figure.

Van Benefit Charge (VBC) support for zero emission vans
Legislation will be introduced in Finance Bill 2015 to extend VBC support for zero emission vans to 5 April 2020 on a tapered basis.

Company Car Tax (CCT)
The appropriate percentage of list price subject to tax will increase by 2% points for cars emitting more than 75 grammes of carbon dioxide per kilometre (gCO2/km), to a maximum of 37%, in 2017 to 2018 and 2018 to 2019.

CIPP comment
With the cut for businesses in those who produce not so friendly carbon emissions it will come as no surprise the company car has to pay for it.

National Insurance contributions: simplification for the self-employed
The government will introduce legislation when parliamentary time allows to simplify the administrative process for the self-employed by using Self-Assessment to collect Class 2 National Insurance contributions alongside Income Tax and Class 4 National Insurance contributions. These changes will take effect from April 2016; however customers will start to see the benefits after April 2015.

CIPP comment
The Office for Tax Simplification (OTS) recommended that class 2 NICs be moved into Self-Assessment and this has now been approved by government.

Tax avoidance and non-compliance

At Autumn Statement 2013, the government announced that it would, following consultation, introduce a new requirement for taxpayers to pay disputed tax upfront where the avoidance scheme being used has been defeated in another party's litigation through the courts.

Tax avoidance scheme promoters must give HMRC information about schemes they promote under the Disclosure of Tax Avoidance Scheme (DOTAS) rules. Anyone using such a scheme must declare to HMRC they are using a notified tax avoidance scheme.

Following consultation, the Budget announced that the government intends to extend the new requirement for taxpayers to pay upfront any disputed tax associated with schemes covered by the DOTAS rules or counteracted under the General Anti Abuse Rule (GAAR).

CIPP comment
"Most individuals and businesses throughout the UK pay the tax they owe upfront." This is not news to us as every time the government talk about this, they are talking about the persistent minority who seek to avoid their responsibilities, preventing the tax system from raising revenue fairly and imposing costs on all taxpayers. The Chancellor also said registered tax avoidance schemes had fallen by half in the past year. Also mentioned was an increase to HMRC's budget to help tackle non-compliance and give them modern powers to collect debts from bank accounts. This will be the subject of future consultation and we will be looking at the detail on this very closely.

Further information on tax evasion and avoidance

Personal allowances for non-residents
To ensure the UK personal allowance remains well targeted, the government intends to consult on whether and how the allowance could be restricted to UK residents and those living overseas who have strong economic connections in the UK, as is the case in many other countries, including most of the EU.

Capital Gains Tax (CGT): non-residents and UK residential property
As announced in Autumn Statement 2013, legislation will be introduced to charge CGT on future gains made by non-residents disposing of UK residential property. A consultation on how best to produce the charge will be published shortly after Budget. These changes will have effect from April 2015. Legislation will be detailed in the Finance Bill 2015.

Tax-Free Childcare
As previously announced this week, the government has just published their consultation response to the design and operation of the new Tax-Free Childcare scheme due to launch in autumn 2015. This was highlighted again in the budget due to one of the changes being an increase in tax-free childcare costs from £1,200 to £2,000 per child per year.

CIPP comment
The CIPP are extremely pleased that the government has removed an additional burden by allowing eligibility for all children up the age of 12 from the outset, rather than looking to implement a staggered approach.

You can read more detail on the consultation response through the CIPP news pages.

Spending Review

SPENDING REVIEW ANNOUNCES THE END OF THE AUTOMATIC PAY INCREASE

26 June 2013

Parliament have been listening to the Chancellor of the Exchequer as he details the outcome of the latest spending review.

The chancellor has announced spending cuts for 2015/16 that have been “forced on him by slower than expected economic growth and deficit reduction” reports the BBC

BBC News reports that briefing MPs on the plans, which will kick in just before the election, Mr Osborne insisted the economy was on the right track, saying: "Britain is moving out of intensive care and moving from rescue to recovery."

Further job cuts

He said the cuts would be done in a fair way and would boost growth. Reforms such as ending "progression pay" in favour of performance-related increases would ease the pain.

"Progression pay can at best be described as antiquated; at worst, it's deeply unfair to other parts of the public sector who don't get it and to the private sector who have to pay for it.

"So we will end automatic progression pay in the Civil Service by 2015-16.

"And we are working to remove automatic pay rises simply for time served in our schools, NHS, prisons and police.

"The armed forces will be excluded from these reforms.

"Keeping pay awards down and ending automatic progression pay means that, for every pound we have to save in central administration, we can better limit job losses."

THE SPENDING REVIEW IN MORE DETAIL

28 June 2013

It has been two days since the Chancellor announced his Spending Review to Parliament, and whilst we know that many more cuts will follow as a result, which of these cuts will affect those of us working in payroll?

Depending on your business sector, you may be affected by any one of the measures announced by George Osborne, however those having most widespread effect on CIPP members include:

- The Treasury’s budget has been reduced by 10%. The Treasury instigates many of the projects and plans affecting HMRC and business.

- HMRC’s budget has been reduced by 5%, however the government remains committed to increasing HMRC’s resource to tackle tax evasion in the expectation that it can raise over £1bn in tax revenues from those who try to avoid paying their fair share.

- The Department for Business, Innovation and Skills (BIS) is responsible for implementing many workplace reforms, such as the forthcoming introduction of

Shared Parental Leave. The BIS budget has been cut by 6%.

- The Department for Work and Pensions will have to make savings of 9.5% in its running costs. The Chancellor also announced three welfare reforms:
    - A cap on the country's welfare budget each year for the next four years from April 2015 - but the state pension will not be included.
    - From the autumn of 2015, the winter fuel payment will be linked to a temperature test. It will not be paid out to expats in hot countries.
    - On welfare payments, Osborne says that job seekers will have to come to the job centre once a week rather than once a fortnight.

The government is also introducing Upfront Work Search, under which job seekers will only get their benefits once they have provided a CV, registered with an online job search and started looking for work.

We will of course keep you informed as we learn more about the specific impacts of each of these measures.

Child Maintenance Reform

CHILD MAINTENANCE REFORM – INITIAL GOVERNMENT CONSULTATION RESPONSE

22 May 2013

In July 2012 the government published a consultation document on draft child support fees and the transition to new calculation rules. The government has now issued a statement in response to that consultation, summarising the changes the government intends to make. A full response will be published later this year.

CHILD MAINTENANCE SCHEME ROLLOUT PROGRESSES

31 July 2013

The Chid Maintenance Service has progressed to the next stage of the 2012 Statutory Child Maintenance scheme.

The 2012 scheme opened in December 2012 using a pathfinder approach in which the Child Maintenance Service only accepted new applications from people with four or more children, where the children are from the same two parents. This approach has allowed the systems to be tested with a limited number of applicants and made it easier to address any issues.

The government is happy with progress so far and the 2012 scheme is now open to new applications from people with two or more children, where the children are from the same two parents.

See page 19 of CIPP Policy News Journal 2012-2013 for previous news

New ‘business banking’ service for child maintenance to benefit 40,000 employers

26 February 2014

A new service launched this month will make it easier for businesses to meet their legal obligation to deduct child maintenance from employees' wages.

The service is set to benefit around 40,000 employers and will replace the old paper-based system with a new free online portal. It is part of the government's long-term economic plan to abolish or improve outdated, burdensome or over-complicated processes which waste businesses' time and money.

It works like online banking, helping employers manage their account whenever it is convenient for them to do so. They can check their monthly Deduction from Earnings Order schedules, make safe and secure payments, send enquiries and give feedback.

Work & Pensions Minister Steve Webb said:

"This new online service will reduce the time and effort needed for employers who have to deduct child maintenance for their staff and will be particularly helpful to small businesses. "We are replacing the outdated child maintenance system with a more efficient streamlined service to better support parents and employers."

The new online service is available for all employers who administer Deduction from Earnings Orders with the Child Maintenance Service and will help ensure these payments are accurate and paid on time, every time.

Businesses can report when any employee for whom they deduct maintenance stops working for them in one easy click through to the HMRC website. The Department for Work and Pensions (DWP) has also set up a dedicated team of 25 staff to deal with any enquiries from employers about child maintenance, providing a better service for them through a single point of contact.

The DWP has worked with employers and the payroll industry, including the Chartered Institute of Payroll Professionals (CIPP) and British Association of Software Developers, in the design and testing of the system.

CIPP Associate Director of Policy, Research & Strategic Visibility, Karen Thomson, said:

"For many years the CIPP and others have requested a fully functional online portal to assist employers with their reporting obligations. This tool will be particularly beneficial for the small employer to report their Deduction from Earnings Order information. The CIPP welcomes this new online portal which will allow employers to submit online, and where a payroll software system is used the employer can also upload a payroll file. On behalf of the CIPP I wish The Child Maintenance Service every success with this new product."

The new service is part of the government's digital strategy to provide simpler, clearer and faster information and make services easier to use with government services built around user needs.

Read the full DWP press release.

CIPP Policy & Research – informal consultation

OUTCOME OF RECENT CIPP SURVEYS

15 May 2013

Over the last few weeks we have published several surveys, which arose not as a result of official government consultations, but because different organisations have been keen to understand the views of CIPP members when they have been preparing future policies.

As a result, whilst your views have been fed back to these organisations, we have not needed to prepare formal consultation responses, so you may have been wondering about the outcome of these surveys.

Below is a summary of three recent informal surveys on SSP record-keeping; Collection of Student Loans; and informing the Liberal Democrat taxation policy.

SSP Record-keeping
82% of those who replied to this survey said that their SSP records were kept as part of a wider record keeping requirement (HR for example) and as such 65% said that abolishing the requirement to keep records for SSP would not save them any time. Of those who would save time, it was apparent that these savings were not significant with most saying that the savings would be less than 5%.

Collection of Student Loans
Following the last meeting of the Collection of Student Loans consultation forum, both HMRC and BIS had ideas they were keen to test out with CIPP members.

Looking at HMRC's question first, they were keen to understand how best to utilise RTI when accounting for student loan repayments. Of the three options suggested, CIPP members preferred the idea that HMRC report each individual repayment deducted by an employer on each pay day to the Student Loan Company (SLC) and SLC credit the borrower account by pay period, so individual deductions shown on the SL statement tie in with customer payslips.

BIS asked if employers would consider providing advice and support to employees who would over-repay their student loan from deductions made by employers. Though by no means a unanimous response, the majority of respondents suggested that it was not the employer's responsibility to provide this type of advice.

Liz Cunningham, who chairs the Collection of Student Loans Consultation Group**,** would like to thank CIPP members for taking the time to provide their views as this has really helped HMRC as they look to see how best to utilise RTI in designing any future process for collecting student loan repayments.

Liberal Democrat Taxation Policy
Looking to formulate their taxation policy, the Liberal Democrat party were canvassing public opinion on a range of questions covering the breadth of taxation regimes. Focussing only on those affecting payroll, the CIPP survey was still quite lengthy. Summarising the key findings:

- All respondents agreed with the proposal that the tax free threshold should be increased to the level of the National Minimum Wage (NMW) over the course of the next parliament.
- All respondents agreed that the personal allowance should continue to increase in line with the NMW to prevent NMW earners being caught in the tax net.
- All respondents agreed with that all rates of income tax, including the additional rate of 45% should remain unchanged.
- Although 80% of respondents agreed with the idea of calculating income tax and NIC on annual income, opinion was divided on whether income tax and NIC should be merged or remain separate.
- When looking at whether benefits in kind should be subject to both tax and NICs, there was a mixed reaction with 60% agreeing.
- When the same question was asked about pension contributions, 80% said no, pension contributions should not be subject to NIC.

- 100% of respondents disagreed with the suggestion of limiting the amount that could be taken tax free from a pensioner's pension pot.
- Turning to the possibility of compensating micro employers for the cost of tax collection, opinion was fairly divided, with 40% agreeing.
- Of those who agreed with the suggestion of compensating micro employers, opinion was split as to whether this should be for businesses with five and fewer, or nine and fewer employees.
- However, all respondents agreed that there should be a NICs exemption for very small companies.

The CIPP Policy Team would like to thank all members who found the time to respond to these or any other of our surveys. Your views are essential in helping us to provide informed views to those who set future policies.

THE CIPP LAUNCHES ITS ANNUAL PAYROLL SURVEY FINDINGS

18 July 2013

The Chartered Institute of Payroll Professionals has today (18 July) announced the findings of its fifth annual payslip survey, which looks at the number of UK employees being paid, the frequency with which they are paid, the method of how they are paid and the information included in the payslip.

Key findings include:
- Payslips including details of pensionable pay rises to its highest level
- The number of employees being paid weekly drops as RTI kicks in
- Employees still aren't ready for online payslips
- Use of Faster Payments has dropped

Additional information shown on the payslip
They survey conducted by the CIPP's policy team earlier this year has yet again shown some surprising new trends within the payroll. Most noticeably is the addition of pensionable pay information as the effects of automatic enrolment come into play. The figures rose from 19 per cent last year to 30 per cent this year.

Karen Thomson, Associate Director of Policy, Research and Strategic Visibility, commented, "This statistic really stood out for us because it demonstrates that many employers are already looking at automatic enrolment for their staff.

"However the worrying aspect is that, in many cases the employee may not be aware of the deductions in their pay until their payslip arrives at the end of the month, for which they may not have financially prepared for. It is therefore of paramount importance that organisations have an effective communications strategy in place ahead of the deductions being made."

Also on trend with previous years, is the rising inclusion of absence payments, both statutory and occupational has risen.

Presentation of payslips
Another interesting result was the number of payslips now being mailed to employees homes has increased and the use of electronic payslips has dropped from 38 per cent to 33 per cent. The reasons for this were cited as being the cost to businesses of implementing an electronic system and employees wanting to protect their privacy by having their pay details mailed to home instead of work.

Payment method
The proportion of pay frequencies in 2012/13 remains broadly consistent with the results from the research undertaken for 2011/12. Bacs remains the most popular payment method across all pay frequencies, however the use of Faster Payments has fallen this year, though

those using cheques remains constant and the number paying by cash has increased slightly.

Payroll Processing
In other results, the research showed that there has been a steady decline in the number of weekly payrolls processed, from a high of 44 per cent in 2008/09 down to its current level of 31 per cent. The CIPP expects this to decline even further over the next 12 months as a potential consequence of the extra administration burden RTI brings to weekly payrolls.

It was also noted that the number of payrolls employing only one person has increased by 10 per cent, whilst the number of payrolls employing between one and five employees has dropped significantly, from 48 per cent in 2011/12 to this year's result of 35 per cent.

Unsurprisingly, the last working day of the month remains the most popular pay day for monthly payrolls, with Friday retaining that accolade for weekly payrolls.

Karen Thomson, Associate Director of Policy, Research and Strategic Visibility added: "This is the fifth year that the CIPP's Policy Team has surveyed its members to understand the long term trends affecting employee payslips and this year has really thrown up some surprises for us.

"In particular the number of online payslips decreasing, as we had predicted to see the opposite occur this year, and for us this is definitely an area to watch. In addition, it's also interesting to see the number of weekly payrolls being processed as the pressure of RTI hits. We'll certainly be interested to see how automatic enrolment adds to their administration in next year's survey."

You can view the full report from the following link: Annual Payroll Survey findings

CIPP Payslip statistic survey 2013/14

26 February 2013

The CIPP Policy team have launched their annual payslip statistic survey and would value your input.

As you will recall the CIPP Policy team has been running the annual payslip statistic survey since 2008. The information you provide helps the team and the CIPP understand the latest trends in respect of pay frequencies, payment methods and payslip distribution.

The survey closes at midnight 31 March 2014 and whilst we appreciate this is a busy time of year for all payroll professionals we are grateful for your time and would welcome your support by answering the questions.

We estimate the survey should take you no more than 15 minutes to complete. Thank you.

The changing landscape of Payroll

26 March 2014

The CIPP has started a LinkedIn 'round table' debate that will be transcribed and take pride of place in the June edition of our Payroll Professional magazine.

Samantha Mann, Senior Policy & Research Officer has started a discussion called '***The changing landscape of Payroll'***.

For anyone who has worked in the Payroll Industry for any length of time, you will have heard it being said that Payroll is easy – it's just pushing a few buttons – isn't it?

If that statement has pushed a couple of your buttons, then please join us in considering, how much the Payroll landscape is changing as a result of Real Time Information and Automatic Enrolment and how much more knowledgeable do we now need to be to operate and understand the technology aka to push buttons?

Join the CIPP LinkedIn group if you would like to contribute to this discussion.

If you are already a member of our group, then follow this link - The changing landscape of Payroll.

Citizen News

UK Border Agency

ALL CHANGE AT THE UK BORDER AGENCY

4 April 2013

The Border agency is to be split into 2 separate entities as part of a package of measures set to improve the performance of the immigration system. The 6 April 2013 will also see an increase to UK Visa Fees and an updated Code of Practice for Skilled Workers.

Further changes will include the removal of its agency status and the move of both new organisations - an immigration and visa service and an immigration law enforcement organisation - under the Home Office to report to ministers.

The IT systems are also set to see improvements which will be made across the whole immigration system along with clarification of the policy and legal framework within which the system operates through an Immigration Bill in the next session of Parliament.

The agency has also announced that as from 6 April 2013 there is to be an increase in UK visa fees UK Visa fees**.** Following Parliamentary approval, the fees will increase for visa applications made from overseas and all applications submitted from 00:01 (UK time) on Saturday 6 April, must be accompanied by the correct fee.

Any application accompanied by the old fee will not be accepted however, applicants can use an old version of an application form for 21 days following the increase, but these should be accompanied by the new fee. New versions of the application forms will be available on the UKBA website.

An updated version of Codes of Practice for Skilled Workers to be used from 6 April 2013 is also available at the UKBA website. This document is aimed at employers who are looking to sponsor a migrant through the Points-Based System. It mainly applies to Tier 2 (General) and Tier 2 (Intra-Company Transfer) categories. However, it also applies to some parts of Tier 5, to post-study workers switching to Tier 1 (Entrepreneur) and to work permit holders applying for settlement. It is also used by UK Border Agency case workers. It lists:

- The skill level for each occupation;
- The minimum appropriate rates of pay for each occupation; and
- Example job tasks and titles to help you accurately match up a job to the corresponding classification code.

PREVENTING ILLEGAL WORKING – CHECK ONLINE

7 May 2013

In the run up to the go live of RTI, we all received regular reminders about the importance of holding up to date and accurate employee data along with the reminder that we should be following due process in ensuring that all potential employees have the right to live and work in the UK.

You may have had a moment of hesitation at the thought of the preventing illegal working process, whilst at the same time re-assuring yourself that 'nothing has changed' as indeed may well be the case!

However, just in case anything has changed since you last looked, this article aims to provide you with a timely reminder, if one were needed, that it is always worth a double check, and to highlight, if you weren't already aware, that you can carry out a simple check online to see whether a potential employee can work in the UK.

MINOR CHANGES TO THE IMMIGRATION RULES COME INTO FORCE ON 1 JULY 2013

13 June 2013

The UK Border Agency has published a number of minor changes to the Immigration Rules which will come into force on 1 July 2013.
They include:

- changes to the documents required for approved English language tests;
- clarification that 'regulated financial institutions' means those regulated to provide personal savings accounts or student loans;
- more legal courses are now exempt from the time limit on study for Tier 4 student visas; and
- a resident labour market test is not needed for applications for a religious worker (Tier 5) extension.

Other changes include:

- some minor updates and clarifications to the family Immigration Rules;
- changes to the list of financial institutions in Bangladesh and Ghana from which documents can be verified.

Full details of all changes are given in the Statement of Changes to the Immigration Rules (HC244) available on the UKBA website.

Home Office Consultation: Strengthening and simplifying the civil penalty scheme to prevent illegal working

12 July 2013

The Home Office has published a consultation on measures to reform the civil penalty scheme to prevent illegal working. It seeks views on their proposals to strengthen and simplify the current civil penalty scheme to prevent illegal migrant working.

Employers already have a responsibility to check that their employees have the right to work in the UK, and since 2008 this has been underpinned by a civil penalty scheme. This has been successful in requiring employers to make right to work checks and imposing a sanction on those who do not. The Home Office propose to further refine these requirements to get tougher on employers who continue to exploit illegal migrant workers. In parallel, and

mindful of the burdens on legitimate businesses, they propose a number of measures to significantly reduce the administrative costs of complying with the requirements to make checks.

The consultation (that launched on 9th July 2013) will inform the development of proposals for the Immigration Bill and future secondary legislation and they would welcome your views.

The consultation document and online questionnaire are available on the Home Office website.

If you have any questions about the consultation, please contact them at the following email address; homeofficeillegalworkingconsultation@homeoffice.gsi.gov.uk

Passport returns pilot launched for applicants reapplying for tier 2 intra-company transfer visas

22 July 2013

A new pilot allowing top business migrants to continue travelling whilst waiting for their visa to be processed has been launched.

Applicants re-applying for a visa under the Intra-Company Transfer (ICT) route will now receive their passport back within seven to ten days, after applying for their visa but before it has been approved. It forms part of the Home Office focus to make the visa application easier for businesses and their employees. Recent figures show that reforms to the immigration system have not deterred the brightest and the best from coming to the UK as visas for skilled migrants increased by five per cent in the year up to March 2013.

Immigration Minister Mark Harper said:

“This pilot is another example of the steps this government is taking to simplify and improve the visa process while maintaining the security of our border. The UK is a destination for global talent and we will continue working with businesses to drive forward more improvements. Our immigration reforms are working, with net migration at its lowest level for a decade. Figures show we have cut out abuse while encouraging migrants who contribute to economic growth to come to the UK.”

The pilot will mean that applicants will be able to travel freely during the visa application process, providing that their existing visas have not yet expired and they have leave to remain in the UK.

The government has recently introduced a number of other improvements to the ICT route including increasing the maximum length of stay for senior staff earning over £152,100 from five to nine years and reducing the amount of documentation required for the visas. Currently the pilot is available for Tier 2 ICT visa holders who are reapplying for their visa in the UK. If the pilot is successful there are plans to introduce it across other routes.

For more information please click here

Changes to the Immigration Rules from 1 October 2013

10 September 2013

The government has announced a number of changes to the Immigration Rules which will mean greater flexibility for businesses and workers.

A written ministerial statement was laid in Parliament on 6 September 2013 outlining a number of changes to the Immigration Rules. The changes, which come into effect on 1 October 2013, include:

- removing the English language requirement for intra-company transferees;
- making it easier for graduate entrepreneurs to switch into Tier 2;
- waiving share ownership restrictions for some senior staff; and
- allowing some students to work as interns under the Tier 5 government authorised exchange scheme.

Tourist and business visitors will benefit from the following changes:

- Allowing tourists and business visitors to do some study where it is not the main purpose of their visit.
- Expanding the activities a business visitor can do in the UK.
- Removing the prospective student route.

Further changes include:

- expanding checks to ensure applicants for work and student visas are genuine, and that they intend to meet the conditions of leave they apply for;
- introducing powers to refuse Tier 4 extension applications where the applicant cannot speak English;
- introducing a scheme which allows some locally engaged staff in Afghanistan to relocate to the UK;
- setting new youth mobility scheme quotas for 2014;
- enabling those who demonstrate exceptional promise in the arts to apply under Tier 1;
- changes to the way we handle settlement applications for refugees who have committed crimes, and adding the power to curtail leave for persistent or serious offenders;
- introducing temporary Immigration Rules so participants and personnel can come to the UK during the 2014 Commonwealth Games;
- minor changes and clarifications to the Immigration Rules, including those relating to family life.

From 28 October there will also be changes to the way applicants for indefinite leave to remain are required to demonstrate their knowledge of the English language and of life in the UK.

For full details of the changes please see the Statement of Changes to the Immigration rules (HC 628) and the explanatory memorandum on the UK Border Agency's website.

Pilot launched to help SMEs recruit skilled international employees

26 September 2013

UK Visas & Immigration has launched a 3 month pilot to provide online support to SMEs who need to recruit skilled international employees.

UK Visas & Immigration in partnership with the Greater London Authority (GLA), has launched a 3 month pilot to provide online support to small and medium sized businesses (SMEs).

The pilot is aimed at SMEs who need to recruit skilled international employees to help build their business, and a toolkit of information has been made available through the GLA website.

The toolkit includes a simple overview of the process of sponsoring an overseas worker, a best practice guide, and some frequently asked questions, with access to expert help from the Home Office for complex issues or queries.

Immigration Bill in the House of Commons

28 October 2013

The Immigration Bill makes changes to the UK's legal and policy framework, so that the immigration system can operate more fairly and effectively.

The Home Secretary opened the second reading debate for the Immigration Bill on 22 October. The bill continues the government's reforms to ensure that our immigration system is fair to hard-working people and legal migrants, while cracking down on those here illegally.

The Immigration Bill will make it easier to remove those with no right to be here, reduce the number of appeals they can make, and simplify the process. In addition it will ensure that only legal migrants can benefit from and have access to the labour market, health services, housing, bank accounts and driving licences.
Home Secretary Theresa May said:

"Those who play by the rules and work hard do not want to see businesses gaining an unfair advantage through the exploitation of illegal labour. They don't want to see our valuable public services – paid for by the taxpayer – used and abused by illegal migrants.
It is unacceptable that hard-working taxpayers have to compete with people who have no right to be here. The bill will begin to address these absurdities and restore the balance."

The Immigration Bill will:

- cut the number of decisions that can be appealed from 17 to four – preserving appeals for those asserting fundamental rights
- extend the number of non-suspensive appeals – where there is no risk of serious irreversible harm, we should deport foreign criminals first and hear their appeal later
- ensure the courts have regard to parliament's view of what the public interest requires when considering Article 8 of the European Convention on Human Rights in immigration cases
- restrict the ability of immigration detainees to apply repeatedly for bail if they have previously been refused it
- require private landlords to check the immigration status of their tenants, to prevent those with no right to live in the UK from accessing private rented housing
- make it easier for the Home Office to recover unpaid civil penalties
- introduce a new requirement for temporary migrants, for example overseas students, who have only a time-limited immigration status to make a contribution to the National Health Service
- require banks to check against a database of known immigration offenders before opening bank accounts
- introduce new powers to check driving licence applicants' immigration status before issuing a licence and revoking licences where immigrants are found to have overstayed in the UK

- clamp down on people who try to gain an immigration advantage by entering into a sham marriage or civil partnership.

Full guide for employers on preventing illegal working in the UK

31 October 2013

The UK Border Agency has published a new, updated version of their guide for employers on preventing illegal working in the UK.

This guide replaces the previous one published in May 2012.

The main changes include:

- The restrictions on Bulgarian and Romanian nationals ending on 31 December 2013;
- Restrictions on Croatian nationals which came into force on 1 July 2013; and
- Information on the fast payment option for paying a civil penalty.

The guidance also contains details of an additional circumstance in which your sponsor licence can be revoked if you receive a civil penalty.

You can find the new guide on the 'guidance documents for employers' web page.

Home Office consultation on immigration and visa charging principles

13 November

The Home Office has launched a consultation looking at the charging principles for immigration and visas.

People who need permission to visit the UK and those who want to live, work or study here must pay a fee for their visa. The Home Office is seeking input into how they can ensure that those who benefit directly from the immigration system and enhanced border control contribute appropriately to its costs in the future.

They are therefore launching a targeted consultation looking at charging principles which will begin on 12 November and will last for 3 weeks.

The consultation will be seeking views on how the Home Office charges customers and the services it provides. It will seek views from stakeholders who have an interest in the way fees are set, the consistency and complexity of fees and on premium services. The Home Office is also seeking views on proposals on administrative reviews and refunds and how the Home Office interacts with third parties.

Given the very tight timescale the CIPP Policy Team is not able to publish a survey however, if this is a matter which concerns you the consultation document explains how you can give your views directly.

Read the full consultation

Immigration Rule changes - Armed Forces

12 November 2013

Revised immigration rules affecting members of HM Forces and their families have been laid in Parliament.

The new rules come into effect on 1 December 2013. They were announced in a written ministerial statement on 4 July 2013, and will bring Armed Forces family rules in line with the family Immigration Rules in Appendix FM.

This will mean that:

- members of HM Forces wishing to sponsor a non-EEA dependant to come to or remain in the UK will have to meet a minimum income threshold;
- a basic English language requirement, at A1 level on the Common European Framework of Reference (CEFR), will apply to all non-EEA partners seeking leave to enter or remain in the UK as a dependant of a member of HM Forces;
- to qualify for settlement, all non-EEA partners and children between the ages of 18 and 65 will be required to pass the Life in the UK test and hold an intermediate speaking and listening qualification, at B1 level on the CEFR;
- all non-EEA partners of HM Forces personnel granted leave under the Immigration Rules will serve a 5 year probationary period before being eligible to apply for settlement.

On 5 July 2013 the Home Office appealed against a High Court judgment in a legal challenge to the minimum income threshold for spouses/partners and children applying under the family route. The Home Office will continue to put on hold cases which are being refused solely due to not meeting the minimum income threshold until the case is finally determined by the Courts.

For full details of the changes see the Statement of Changes to the Immigration Rules (HC 803) on the right side of this page. The written ministerial statement can be found on Gov.uk.

UK Border Agency: Changes to document requirements

21 November 2013

From 28 October 2013 if you are applying by post for extension of stay, indefinite leave to remain or British citizenship on the following forms, you no longer need to provide an original passport from the British or settled person supporting your application - a photocopy of their passport or travel document can be provided instead.

Applying for extension of stay or indefinite leave to remain

Forms FLR(M), SET(M) and SET(F)

- fiancé(e) of a British citizen or settled person;
- civil partner or proposed civil partner of a British citizen or settled person;
- spouse of a British citizen or settled person;
- unmarried partner of a British citizen or settled person;
- same sex partner of a British citizen or settled person; or
- child or other dependant relative of a British citizen or settled person.

Applying for British citizenship

Forms AN and MN1

- spouse of a British citizen;

- civil partner of a British citizen;
- child of a British citizen parent.

The photocopy must include all pages of the passport, including any blank pages, and we will verify it with other government departments in accordance with the Data Protection Act 1998. We may request the original document at any time during the application process, and the application will be refused if you do not comply.

You must still submit your own original passport or travel document as part of your application.

UK Border Agency - News updates

Construction Industry

CONSTRUCTION INDUSTRY SCHEME - RECORD OF AMOUNTS SET OFF

23 April 2013

CIS132 form has been updated to take account of the recent introduction of RTI to PAYE processes.

The update confirms that for Companies, once the final submission of FPS and EPS has been made, any CIS deductions that have not been offset during the tax year may be repaid. The balance may however, be set against any unpaid tax, depending on the amounts involved.

Further information, if needed, can be found at www.hmrc.gov.uk/CIS alternatively the Construction Industry Scheme Helpline can be contacted on 0845 366 7899.

HMRC UPDATES LEAFLET ON CIS REPAYMENTS

5 June 2013

HMRC has updated the leaflet that sets out how subcontractors that are limited companies should reclaim any deductions they have had taken from their payments under the Construction Industry Scheme (CIS).

HMRC will send a copy of the leaflet to the limited company subcontractors they contact about claims for repayment of deductions through the P35 process.

TOP TEN TIPS FOR CLAIMING A CIS REPAYMENT

30 July 2013

HMRC has published a list of the top ten tips for claiming a CIS repayment.
It includes advice such as:

- If the company was incorporated during the year, please ensure that its claim for repayment is ***only*** for deductions taken from the company's payments and ***not*** any for periods before incorporation.

- Check that the CIS deductions taken from the company's subcontractors are correct and have been reported correctly on the monthly returns.

- Check that the company has no outstanding returns (CIS300) in its capacity as a contractor within CIS.

The full list of all ten top tips is available on HMRC's website.

CIPP survey: Construction Industry Scheme (CIS) returns – paper or online?

6 September 2013

Currently Contractors can submit their CIS300 monthly return either online (75%), using the HMRC CIS Online service or using commercial and bespoke software, or the returns can be submitted on paper (25%).

The CIPP policy team have put together a brief survey to try to find out from members why the paper option is still chosen by contractors.

Thank you in advance for sharing your valuable time and experiences and reasons with us.

If you have anything that you would like to add in terms of the administrative burden of operating CIS the policy team would value hearing from you, please email Samantha Mann.

SFO's sector-based compliance drive to focus on construction industry

11 November 2013

The Serious Fraud Office (SFO) has indicated that it will crack down on corruption in the construction industry as part of a new, sector-focused approach to compliance.

Out-Law.com reports:

SFO Director David Green set out the agency's new approach as part of a speech at the Pinsent Masons and Legal Week Regulatory Reform and Enforcement Conference. He said that the use of "sectoral sweeps" would enable the SFO's intelligence-gathering capabilities to be "far more effective".

Anti-corruption expert Barry Vitou of Pinsent Masons, the law firm behind Out-Law.com, said that the singling out of the construction sector was a "pointed and clear warning to the industry". It follows the publication of a survey of construction professionals in which 35% of respondents had been offered a bribe or incentive on at least one occasion and 49% believed that corruption was still "common" within the industry.

"The warning of a focus on the construction sector and public works contracts is in line with the recently-published Serious Organised Crime strategy paper which announced that focus would be on steps to reduce fraud on Government," said Vitou, writing on his website thebriberyact.com. *"This makes sense in these cash-strapped times."*

The Chartered Institute of Building (CIOB) published the results of its second survey about crime and corruption in the construction sector earlier this month. Its findings, based on a survey of over 700 construction professionals, found that "little progress" had been made in the sector since its last such research in 2006, despite the introduction of the Bribery Act in the meantime.

"What we have found is that cultural practices and the consequences of the recession have places a greater strain on companies to sometimes engage in adverse practices as a survival mechanism," said Michael Brown, CIOB deputy chief executive. *"If the UK is going to*

live up to its rhetoric of being tough on corruption, both the Government and industry must do more to show proof of progress."

More than half of the survey's respondents thought that the Government was not doing enough to prevent and tackle corruption, while 50% felt the same about the UK construction industry. Respondents highlighted the lack of prosecutions brought in respect of offences under the Bribery Act to date as a particular area of concern.

The Bribery Act came into force in July 2011 and, broadly speaking, states that companies with a presence in the UK can face prosecution for bribery or failing to prevent bribery regardless of where the alleged activity has taken place. A company can also be responsible for bribery carried out by its employees or third-party agents without its knowledge or consent, unless the company can show that they have 'adequate procedures' designed to prevent bribery in place.

Construction Industry Training Board (CITB) Levy deductions

6 March 2014

HMRC published a news item at the end of January advising customers about a proposed change in practice from 6 April 2014 regarding the CITB levy on employers or contractors. The construction industry expressed some concerns and as a result HMRC has reviewed and revised their advice.

Construction Industry Scheme (CIS)

We can confirm that the CIS applies only to payments made under construction contracts. Where contractually agreed deductions such as insurance charges, amounts equal to the 'CITB levy' or any other training costs are deducted before payment then CIS is only operated on the amount paid after any deduction for materials and VAT

VAT

We can confirm that where the parties have contractually agreed to an amount equating to the 'CITB levy' being passed on to the subcontractor, the subcontractor's supply for VAT purposes is reduced by the equivalent amount of the 'CITB levy' deduction.

Further information about the CITB levy is available on HMRC's website.

Digital by Default

THE DEPARTMENT FOR EDUCATION MAKING GOV.UK HOME

23 April 2013

Following hot on the heels of the DWP, the Department for Education has now begun its move to a new web home on the GOV.UK website.

Information for professionals working in schools or children's services will remain on the Department for Education website at www.education.gov.uk for now, but will be moved over to GOV.UK by the end of the year.

All corporate web addresses have been redirected, so you won't need to update your bookmarks, however you may wish to make a note of the new web address, which is www.gov.uk/dfe.

NUMBER 10 COMPLETES THE SET!

3 May 2013

All ministerial department corporate web sites, as well as those of the Prime Minister and Deputy Prime Minister, are now on the single government domain.

This now concludes the merger of all departmental sites into GOV.UK which has been a key target of the government Digital Strategy.

Minister for the Cabinet Office, Francis Maude said:

"I'm proud to welcome the online home of No.10 Downing Street to GOV.UK, our flagship website for government.

Our digital by default vision for government is all about having online public services which are so good that people will choose to use them – that's how we will get ahead in the global race. At GOV.UK anyone can find out information about any Whitehall department, all in one place.

Scrapping the old websites will save the taxpayer at least £50 million a year. But GOV.UK isn't just about saving money, it's designed to be clearer and has even won the Design Museum's international Design of the Year Award, beating the Olympic Cauldron and the Shard."

The Cabinet Office estimates that closing the Directgov and Businesslink websites and moving all government sites to GOV.UK will save the taxpayer at least £50 million annually. It also estimates that £1.2 billion could be saved during this Parliament by bringing government transactional services online, with potential annual savings of between £1.7 and £1.8 billion in the longer term.

Mike Bracken, Executive Director of GDS, added:

"Two years ago, there were an incredible 2,000 government websites. We've streamlined those into a single, central domain, GOV.UK, that is built entirely around the needs users have of government. We are designing online services that put those needs first and make it easier to do things like pay car tax, complete tax returns, apply for the state pension, and much more. GOV.UK represents world-class public service delivery and a fundamental improvement in the way users interact with government."

What do you think of GOV.UK so far? Do you think the estimated savings represent good value – or has something been lost in the transition? Let us know either by adding your comment below or by contacting the policy team at policy@cipp.org.uk.

HMRC SECURE £200 MILLION OF GOVERNMENT INVESTMENT TO ENABLE TAXPAYERS TO TAKE CONTROL

1 July 2013

HM Revenue & Customs published news about how, by April 2015, up to two million people will be able to take control of their tax affairs through their own online accounts.

Exchequer Secretary David Gauke said:

"We want to give people the power to manage their tax affairs online as easily as they manage their bank accounts and this investment of over £200 million will allow HMRC to deliver a digital tax service fit for the twenty-first century.

"For individuals, this will mean a better understanding of what they are paying and where it is being spent. For business people, it will give the control over their tax affairs and flexibility to manage them that allows them to focus on growing the business."

HMRC Chief Executive Lin Homer said:

"This is a huge vote of confidence in HMRC. I am delighted that we have secured this investment, which will enable us to transform our increasingly popular digital services and build a groundbreaking digital tax service. We are committed to doing business with our customers in the way they want to do it."

The press release goes on to report that by the end of 2015-16 SMEs (small and medium enterprises) and their agents will be able to:

- access nearly everything they need through a single personalised homepage
- get direct access to all the online transactions relevant to them
- view a personalised tax calendar with digital alerts
- complete more transactions online (for example, telling HMRC that they've ceased trading)
- get answers to their questions through tailored online tools, thereby reducing post and phone volumes
- get relevant cross-Government information where appropriate and interact with HMRC digitally (in most cases)

The press release can be read in full at GOV.UK.

Withdrawal of HMRC E booklets – CIPP solution

10 March 2014

You may be aware that HMRC will no longer be producing a number of Employer help books. For those of you that value these, the CIPP has found a solution.

The latest issue of HMRC's Employer Bulletin 46 (page 36) formally announced the end of the production of the following Employer help books and Statutory Payment booklets for April 2014:

- E11 (Starting the tax year)
- E13 (RTI) & E13 (Day to Day Payroll)
- P49 (Employing someone for the first time)
- E12 (PAYE and NICs rates and limits)
- E14 (Statutory Sick Pay) E15 (Statutory Maternity Pay)
- E16 (Statutory Adoption Pay)
- E19 (Ordinary and Additional Statutory Paternity Pay).

With the new digital age fast approaching HMRC will, like other government departments be moving their guidance and information to GOV.UK over the coming months. As part of this work the E booklets we are used to in PDF format will no longer exist. The CIPP are however re-constructing the tables from these booklets to support you should you have the

need to do a manual calculation, provide information to an employee or if you are a student, to assist you with your studies. The tables will be produced in PDF format and will be available in both colour and grey scale (to reduce printing costs). The tables will be available from 1 April 2014 through the CIPP website for anyone wishing to use them. We will publish further details nearer the time.

HMRC website's transition to GOV.UK

31 March 2014

As you may already be aware, HMRC's web guidance and tools are moving to the cross-government website GOV.UK.

HMRC has a dedicated HMRC transition blog which has regular updates on the transition work. Their latest post talks about the work they are doing with the Government Digital Service (GDS) to move more than 100,000 pages of HMRC content (and its users) across to GOV.UK. They admit that it is no easy task and are taking a staggered approach, avoiding peak times as much as they can.

HMRC and GDS are working together to improve the format, 'findability', and clarity of content being moved. Technical material such as manuals and HMRC Notices will be presented in new, user-friendly formats, but the text will stay as it is. Existing transactions will remain on the HMRC site for now, but customers will access them through GOV.UK.

HMRC accept that customer needs vary and have already started talking to the main professional bodies and their Agent Stakeholder and Engagement team's knowledge of tax agents to find out what priorities they have as users of GOV.UK and what specific needs there might be.

The HMRC transition blog provides regular updates and for those of you who have an interest in the transition of information and would like to provide comment, this is the ideal platform.

Previous posts include topics such as HMRC Manuals which talks about the fact that the manuals will not be edited, unlike much of the content that moves to GOV.UK, they will be repurposed into a format that is easier to search, easier to browse, easier to view and easier to print.

CIPP comment
The CIPP policy team are involved with many pieces of work in respect of the digital strategy through various fora. HMRC are continually exploring ways in which the new digital culture could be exploited further to assist employers and business. Do you have any ideas? If so, please email policy with your thoughts.

GOV.UK will eventually be the one main site where all guidance and tools will be housed. There is a feedback button on the site located on the bottom left of each page titled 'Is there anything wrong with this page?' We would encourage consumers to use this tool to assist with continual improvements to the site.

HMRC website's transition to GOV.UK

7 April 2014

HMRC's most recent work on the transition of their website information across to GOV.UK has been the publishing of guidance on statutory pay.

Read the update below from HMRC's transition blog on redirecting statutory pay content.

HMRC has been publishing guidance on statutory pay for employers on GOV.UK. To complete the transition of this content they we've now set up redirects from the old pages on HMRC's website.

The aim is to make the user journey as seamless as possible. This is particularly challenging where content has been restructured, so there isn't a direct one-to-one mapping between the source site and GOV.UK.

Some of the most popular pieces of content we've redirected include the employer's guide to Statutory Sick Pay and the maternity and paternity pay calculator for employers.
We've also reworked the statutory pay helpsheets, breaking these down into individual guides serving specific user needs (e.g. sick pay during business takeovers).

Over the course of the next few months we'll be redirecting more and more content to GOV.UK as we continue the transition of HMRC's website. We'd be interested to hear your feedback, so please get in touch.

CIPP comment
GOV.UK will eventually be the one main site where all guidance and tools will be housed. There is a feedback button on the site located on the bottom left of each page titled 'Is there anything wrong with this page?' We would encourage consumers to use this tool to assist with continual improvements to the site.

HMRC's transition blog also has an interesting update on the introduction of their content planner which is a tool they have built to make the transition to GOV.UK easier and more efficient

CIPP webcast on HMRC transition to GOV.UK

16 April 2014

The Policy team has produced a short webcast to provide an overview of the transition of HMRC's website information across to the central government website GOV.UK.

You can access the webcast through the link below.

HMRC transition to GOV.UK - April 2014

Employment Law & Guidance

Flexible Working

ACAS LAUNCH CONSULTATION ON FLEXIBLE WORKING CODE OF PRACTICE

25 February 2013

The government asked Acas to produce a statutory code of practice to help businesses manage new extended rights for all employees to request flexible working and as part of the process Acas have launched a consultation on their draft code of practice.

The draft code provides examples of the current wide range of flexible working options that exists and also makes clear to the employer that the employer should always approach

requests to work flexibly from the presumption that their request will be granted unless there is a business reason for not granting the request.

If the request is to be rejected it should be for one of the following business reasons as set out in legislation:

- The burden of additional costs
- An inability to reorganise work
- An inability to recruit additional staff
- A detrimental impact on quality of performance or to meet customer demand
- Insufficient work for the periods the employee proposes to work
- A planned structural change to your business

The Draft Code of Practice on the extended right to request flexible working is available at the Acas website and the consultation will run for 12 weeks closing on 20 May 2013.

The Children and Families Act received its second reading on 25 February 2013.

COMMITTEE CALLS ON GOVERNMENT TO TACKLE WORKPLACE INEQUALITY

21 June 2013

A report published by the Business Innovation and Skills (BIS) Committee has called on the government to take action on workplace inequality. The report also calls on the government to do more to tackle female under-representation in certain sectors of the economy.

As well as addressing the worrying lack of comprehensive careers advice, the report recommends that the government sets targets for encouraging women into apprenticeship sectors where they are currently under-represented.

The report also proposes that workers should be entitled to ask for flexible working from when they first start working for an employer, rather than being required to have been in the job for six months beforehand.

As well as these recommendations, the report suggests the government should establish a voluntary Code of Practice to highlight best practice in the provision of quality part-time and flexible working, and must dispel the myth that any type of flexible working is problematic and cannot work.

Adrian Bailey MP, chair of the BIS committee, said: "Four decades since the Equal Pay Act, we still do not have full workplace equality. We cannot wait another 40 years. "

Sarah Jackson, Chief Executive of the work/life balance organisation Working Families said: "We are pleased to see their recommendations that all employees should have a right to request flexible working from the outset, and that we need reliable, consistent data on the extent of flexible working. There are strong messages here for Government to take action to become an exemplar in flexible working and for employers to ensure that they are maximising the benefits that flexible work can bring."

Read the full report.

ARE YOU HAPPY TO TALK FLEXIBLE WORKING?

12 July 2013

The Private Sector Working Group (PSWG) for the Department of Work and Pensions have published guidance which is aimed at employers and looking to develop a culture of flexible working.

The PSWG brings together employer bodies, the TUC and recruiters to find practical ways of delivering culture change, outside of the legislative process.

With help from the communications agency AMV BBDO and influenced by research into how NUDGE techniques can positively impact on our behaviour (carried out by the Behavioral Insights unit at the Cabinet Office) the group has come up with the strap line *"Happy to talk flexible working"* and a logo for employers to promote and encourage a move towards a more flexible working culture.

Guidance on how to make best use of the strap line and logo during the early stages of job design and recruitment has also been produced to help employers gain the maximum benefit from adopting a flexible working policy within their organisation.

Flexible working and the Right to Request for all

23 January 2014

The government has announced that the new rules which will allow all employees to be able to request flexible working, will be in force by autumn 2014.

The government's flexible working proposals intend to extend the statutory right to request flexible working to all employees by autumn 2014.

The changes mean employees employed for at least 26 weeks by the same employer will be able to make one request in a 12 month period to work flexibly.

There are many different types of flexible working, ranging from part-time working, compressed hours or just varying start and finish times. Benefits to businesses adopting flexible working include access to a wider pool of skills and talents in the workforce, increased productivity and improved recruitment and retention rates.

Research by the Department for Business, Innovation & Skills estimates in their Impact Assessment that the anticipated benefits to business include:

- Higher productivity (£36.8m);
- Lower labour turnover (£8.4m), and
- Reduced absenteeism (£1.4m)

Acas has published the responses to its consultation on a new Code of Practice and guidance on flexible working. The consultation asked employers for their views on the draft Code and good practice guidance to help manage flexible working requests.

A new revised draft Code of Practice has been published and also the following guide for employers:

- Handling requests to work flexibly in a reasonable manner – January 2014

Acas has made a number of changes to the Code following the consultation including:

- Additional detail in paragraph 3 of the Code on the information required to make a flexible working request.

- Removing the term "presumptions of approval" which some respondents felt was misleading in applicants believing their approval was almost certain, but emphasising the importance of careful examination of requests and the fact that they can be rejected only on the basis set out in legislation/justifiable reasons for rejection.
- Respondents identified six common themes which they would like to see in the accompanying good practice guidance:
    - how to handle multiple requests, prioritisation issues and being fair
    - avoiding discrimination in deciding a request
    - providing an explanation of the business reasons that are to be considered in requests - what do they mean, with examples
    - refusing a request and giving how much information to divulge
    - appeals against refusal and guidance on managing this process
    - how to use trial periods and reviews after agreeing a change to check out if a flexible working request is feasible.

It is intended that the right to work flexibly will be introduced as part of the Children and Families Bill which is expected to receive royal assent by the end of January 2014. The new Code of Practice will then be brought in, hopefully by April 2014.

Children and Families Act 2014 approved by Parliament

19 March 2014

Shared Parental Leave and extending the right to request flexible working to all employees are two of the measures brought in under the Act to help individuals balance their work, home and family life.

From April 2015, mothers, fathers and adopters can opt to share parental leave around their child's birth or placement. This gives families more choice over taking leave in the first year - dads and mothers' partners can take up to a year or parents can take several months at the same time.

From 1 October 2014, prospective fathers or a mother's partner can take time off to attend up to 2 antenatal appointments.

Adoption leave and pay will reflect entitlements available to birth parents from April 2015 - no qualifying period for leave; enhanced pay to 90% of salary for the first 6 weeks; and time off to attend introductory appointments. Intended parents in surrogacy and 'foster to adopt' arrangements will also qualify for adoption leave and pay.

From 30 June 2014, the right to request flexible working will be extended to all employees. The current statutory procedure, through which employers consider flexible working requests, will be replaced with a duty on employers to consider with requests in a 'reasonable' manner.

Further information:

- Overview of the Children and Families Act
- Video 'Children and Families Bill: a look back'
- Children and Families Act 2014

General Employment Law News

REDUNDANCY – FACT SHEET FOR EMPLOYEES

28 February 2013

The Insolvency Service Redundancy Payments Service has produced a fact sheet for employees facing redundancy following their employer becoming insolvent.

This fact sheet provides information and guidance to employees on what can be claimed from the national Insurance Fund via the Redundancy Payments Service (RPS).

It confirms what payments can be claimed for, subject to the current limit of £450 per week (as from 1 February 2013) and also provides the employee with a range of contact details that they might find useful at this difficult time.

The Insolvency Service (INSS) is an executive agency of the Department for Business Innovation & Skills (BIS) which was established to regulate the insolvency profession. It pays statutory redundancy to employees of insolvent companies, conducts investigations in the public interest and provides practical information on insolvency procedures in England and Wales.

EMPLOYER OBLIGATIONS – PERCEPTION IS WORSE THAN REALITY?

11 March 2013

The Department for Business Innovation & Skills (BIS) has published a research paper that confirms that in the UK at least, the perception of employment obligations is at odds with the actual impact of legislation.

The Employer Perceptions and Impact of Employment Regulation Study which has been published by Employment Relations Minister Jo Swinson is the result of research which took the approach of carrying out qualitative interviews with a total of 40 businesses between April and August 2012 and looked to address three key themes:

- Taking someone on
- Managing Staff
- Making change easier.

The study found that businesses that view employment law as burdensome often do so because of a lack of understanding of the law. Dismissal processes in particular were seen as stressful and costly with some employers going beyond legal requirements in the mistaken belief that such action was necessary.

Employment Relations Minister Jo Swinson said,

"*The UK has one of the most lightly regulated and flexible employment systems in the world. What this study shows is that we need to work with employers to help them better understand their rights and responsibilities leaving them free to focus on growing their business*."

"*Through the government's Employment Law Review we are reviewing existing legislation with the aim of providing clarity and certainty for business to give them the confidence to manage their workforce effectively*."

"*We are addressing business and employee concerns about the dismissal process through encouraging a greater use of settlement agreements and are working closely with Acas to*

get the rules and procedures for Early Conciliation right. We are also making changes to employment tribunals to make them simpler, cheaper and quicker to use."

Full details of the announcement can be found in the press release at GOV.UK however the report confirmed that the study had found that medium and large businesses were proactive in learning about legislation and keeping up to date with changes and use sources such as Direct.gov and Acas whereas small and micro businesses tend towards being more reactive and only seeking information when problems arise and it would appear that the media is their main source information about changes to legislation.

INCORPORATION OF COLLECTIVE AGREEMENT

15 April 2013

Was a collective agreement which set out two different and inconsistent pay increases enforceable?

Yes, held the Court of Appeal in Anderson v London Fire & Emergency Planning Authority**.**

Daniel Barnett reports:
The employer entered into a three-year pay deal with two unions. According to the terms of the agreement, the pay increase in the third year was to be 2.5% or a figure arrived at by a formula which turned out to be 1.575%. Following the financial crisis, the employer offered 1.825%. The employees sought 2.5%.

The Court of Appeal held that the pay deal was not an 'agreement to agree'. Other clauses made it clear that both parties thought the deal was reached for all three years. It was not uncertain. It gave two clear choices. That being so, it was apt for incorporation.

Maurice Kay LJ considered what a reasonable person would have made of the agreement. The idea that the unions would have agreed to a deal which gave the employer an unfettered right to choose between the options was 'fanciful'. The increase had to be the greater of the two. No other meaning would have made 'industrial sense'. That must have been obvious to the employer.

FEE-PAID JUDGES - PENSIONS

11 April 2013

February saw the Supreme Court hold that fee-paid judges are entitled to a judicial pension – the Lord Chancellor has recently announced a moratorium on such cases.

With thanks to Daniel Barnett's employment law bulletin.

The Lord Chancellor has now announced a moratorium on such cases. This means that potential Claimants who are approaching limitation deadlines will not need to lodge a 'protective' claim in the employment tribunal.

It is not immediately clear what power the Lord Chancellor has to waive tribunal limitation periods, as limitation is an issue which goes to jurisdiction. It is likely, though, that any tribunal would hold it was 'just and equitable' to extend time in such a claim if the Claimant had not issued proceedings in reliance on the Lord Chancellor's announcement.

ACAS PUBLISHES NEW GUIDANCE ON DEALING WITH COLLECTIVE REDUNDANCIES

9 April 2013

The 6 April saw new legislation come into effect which applies to employers proposing 100 or more redundancies.

A collective redundancy is when an employer proposes to make 20 or more employees redundant within 90 days. This can arise if an employer needs to:

- close or move all or part of their business
- make cost savings due to a change in customer demand or an efficiency drive
- reorganise the way their business is run.

A key change for employers is that they must start consultation at least 45 days before any dismissals can take effect. This has been reduced from 90 days.

Acas have published Advisory booklet – How to manage collective redundancies to help employers understand their legal obligations. The guide sets out the principles and behaviours behind a good quality consultation to help employers manage collective redundancies more effectively.

Acas Chair Ed Sweeney said:

"This new guidance draws on our knowledge, expertise and experience in helping to resolve the thousands of workplace disputes every year.

"In 2011/12 11 per cent of Acas' collective conciliation cases related to redundancies and of the 925,000 calls to our helpline, around 20 per cent were seeking information on redundancy-related situations.

"This guide will help employers and employees understand the recent changes and the new laws around collective redundancies with top tips on how to handle them."

Acas advises that for organisations to manage collective redundancies well and help ensure their future success, they need to have:

- good working relationships with employees, unions and employee representatives
- agreed procedures for handling redundancies
- an organisational culture that recognises the emotional as well as economic impact of change
- a plan for restructuring and looking to the future.

The consultation period for businesses that plan to make between 20 and 99 employees redundant remains unchanged. The consultation must start at least 30 days before any dismissals can take effect.

TAKING ON YOUR FIRST EMPLOYEE?

17 April 2013

ACAS have produced a step by step guide aimed at helping businesses faced with taking on their first employee.

This useful step-by-step guide is a tool which is aimed at small firms and organisations, and line and team managers in larger organisations.

It covers the following essential steps:

- Be prepared and know the basics
- Working out if you really need to hire someone
- Who do you want?
- Advertise and sift the applications
- Interview and offer the job

And also includes case studies to help answer some of the common concerns that face the new employer.

GOVERNMENT CONSULTATION ON EQUAL PAY AUDITS

23 May 2013

Following on from the Modern Workplaces: Equal Pay Audits consultation back in 2011, the government has published a second consultation. This is available from the Government Equalities Office website.

The CIPP Policy team will be studying the document carefully and will publish a survey seeking your views over the next few weeks.

DISCLOSURE AND BARRING SERVICE TO BE UPDATED

24 May 2013

The Disclosure & Barring Service (DBS) have announced that they will be launching a new service, called the Update Service.

The Update Service aims to put individuals in greater control of their own information. Allowing DBS certificates to be reused when applying for similar jobs it is looking to reduce bureaucracy.

Individuals will be able to subscribe to the Update Service for an annual fee of £13 which will keep their DBS certificate up-to-date so that they can take it with them from role to role within the same workforce. As a result employees and volunteers will no longer have to apply for a new criminal record check each time they apply for a job/volunteering position.

If an individual has subscribed to the Update Service their employer will be able to go online, with the individual's consent, and carry out a free, instant check to find out if the information released on the DBS certificate is current and up to date.

Further information in the format of Employers Guide, Employer Preview, Employer Presentation can be found at GOV.UK.

NATIONAL PAY SYSTEM FOR COLLEGES

10 June 2013

National pay bargaining for college sector staff is to be underpinned by the Post 16 Education (Scotland) Bill later this month.

Ahead of his speech to the EIS AGM conference on Saturday and as reported on www.scotland.gov.uk Education Secretary Michael Russell highlighted the disparity in pay

across the sector and said that measures to support a coherent, national pay structure for college staff should be put in place as soon as possible.

An amendment to the Bill in its final hearing would support the mechanism allowing this to happen. The Stage 3 debate will be held in the Scottish Parliament before the end of the month.

Mr Russell said:

"College staff perform a vital role in helping young people into employment through their inspiration, support and guidance. As such, they play a key role in our economic development, helping young people into jobs, and ensuring our employers get the skills they need.

"I have long made clear my commitment to national pay bargaining in our colleges, and I have put in place a team to help with the necessary work. Chair of Edinburgh College, Ian McKay, is leading this effort, liaising with regional college leads. The EIS, at whose conference I am speaking this weekend is a central partner in those discussions, which also involve other unions, the Scottish Funding Council and Colleges Scotland.

"Stage 3 of the Post 16 Education Bill takes place later this month. This is the right vehicle to put in place mechanisms to underpin that process. While we are still at an early stage, and further discussions lie ahead, I hope this move will receive widespread support among unions and college staff themselves."

REVISED CODE OF PRACTICE ON SETTLEMENT AGREEMENTS PUBLISHED

13 June 2013

ACAS has published its response to the consultation on its settlement agreements code of practice, which contains the final version of the Code of Settlement Agreements.

ACAS launched its public consultation on the draft settlement agreements Code of Practice on 12 February 2013. The consultation was seeking the public's views on a new draft Code designed to support new legal provisions on the admissibility of settlement agreement discussions in unfair dismissal cases. It also sought answers to fifteen specific questions relating to the sort of issues the Code should cover.

The ACAS Council has now had a chance to reflect on comments received and has produced a revised final version of the draft Code of Practice on Settlement Agreements which was sent to the Minister on 8 May 2013.

You can read the full document on the ACAS website

EXECUTIVE PAY REGULATIONS

8 July 2013

Major changes relating to executive pay are being introduced from 1 October 2013.

Under the new legislation, UK incorporated companies must seek binding shareholder approval for their executive pay policy and will only be able to make payments to directors in accordance with that policy once it is approved.

Additionally, companies must publish a remuneration report which sets out the executive pay policy and discloses the amount each director has been paid.

LATEST EMPLOYMENT LAW REFORM ANNOUNCEMENTS

15 July 2013

The Parliamentary Under-Secretary of State for Employment Relations and Consumer Affairs, Jo Swinson, has issued a ministerial statement announcing the following employment law reforms:

- changing the cap on the unfair dismissal award to the lower of £74,200 or one year's pay with effect from 29 July 2013;
- publication of the government's response to consultation over how Acas Early Conciliation will work; and
- a call for evidence on the framework of whistleblowing laws. This is separate from the whistleblowing reforms which came in on 25th June.

DRIVE TO GET MORE DISABLED PEOPLE INTO MAINSTREAM JOBS

17 July 2013

Disabled people will get more support to gain the skills and experience they need to get a job under changes to the government's specialist disability employment scheme.

Disabled people on traineeships, supported internships, work trials and work academies will for the first time get additional help through the Access to Work scheme – which provides funding towards the extra costs disabled people face in work, such as travel costs, specially adapted equipment or support workers.

Minister for Disabled People Esther McVey said:

"Young disabled people tell me how difficult it can be to get a job without experience – and they want the same choice of training opportunities as everyone else to help them into work. We're opening up Access to Work to do just that – so that more young disabled people can get a foothold in the jobs market, get their careers on track and achieve their full potential."

Recent changes also mean that businesses with up to 49 employees will save up to £2,300 per employee who uses the fund by no longer paying a contribution towards the extra costs faced by disabled people in work.

Disabled jobseekers who want to set up their own business through the New Enterprise Allowance are also eligible for Access to Work funding. Access to Work has previously been called 'the government's best kept secret' so to raise awareness of the changes, the government will continue its marketing campaign – targeted at young disabled people and people with mental health conditions.

Last year the programme helped 30,000 disabled people keep or get employment. Research also shows that around half (45 per cent) of Access to Work customers would be out of work if they did not receive support through the scheme.

BIS - APPRENTICESHIPS FUNDING REFORM IN ENGLAND

26 July 2013

The Department of Business, Innovation & Skills and the Department for Education has published a further consultation document on Apprenticeships, this time, looking specifically at funding reform for Apprenticeships in England.

This consultation Funding Reform for Apprenticeships in England seeks your views on 3 ways of delivering funding reforms put forward by Doug Richard:

- a new online system for apprenticeships with payments to employers made directly from the system
- utilising the PAYE system
- reforming the existing provider funding infrastructure

This consultation will close on 1 October.

EMPLOYMENT TRIBUNAL FEES INTRODUCED TODAY

29 July 2013

Monday 29 July sees one of the biggest shake-ups of employment law in years. A raft of UK employment law changes relevant to all organisations will be introduced, and it is crucial that employers know exactly what is changing.

Employment Tribunal fees

From Monday 29 July claimants will have to pay a fee pay to lodge a claim in the Employment Tribunal or an appeal in the Employment Appeal Tribunal. Simple claims such as unlawful deductions from wages will attract a fee of £160 for issue and £230 for the hearing. More complex claims such as unfair dismissal and discrimination will attract fees of £250 for issue and £950 for the hearing. If the claimant doesn't send in the issue fee or an application for remission, the claim will be rejected. If the claimant fails to pay the hearing fee, the claim can be dismissed. There is no repayment if the claim settles.
While fees for claims are payable in advance, the Tribunal will have the power to order an unsuccessful party to reimburse the fees of a successful party.

Employment Tribunal rules of procedure

Changes to the Employment Tribunal rules of procedure will come into force, replacing the current practices and procedures.

Unfair dismissal compensation cap

A new unfair dismissal compensation cap will also take effect and the cap will be the lower of £74,200 or one year’s gross pay for claims where the effective date of termination is on or after 29 July 2013.

EMPLOYMENT TRIBUNAL FEES COULD BE 'LOOKED AT AGAIN'

30 July 2013

Employment Tribunal fees were only introduced yesterday, however there is already massive controversy which has culminated in the Justice Minister, Helen Grant, hinting at the possibility of Employment Tribunal fees being dropped.

Under the new structure claimants will have to pay a fee on issue of the claim and before the hearing. Simple claims such as unlawful deductions from wages will attract a fee of £160 for issue and £230 for the hearing. More complex claims such as unfair dismissal and discrimination will attract fees of £250 for issue and £950 for the hearing. However, last night

Grant admitted the fees could be "looked at again" if they prove to be unjust and unfair. "It's important to remember too that these are new fees we have committed, that we will monitor the impact very, very carefully on women and other individuals with protected characteristics to ensure that justice and fairness is done. And if it is not done of course we will look at it again," said Grant.

Employers' organisations the CBI and the Federation of Small Businesses have welcomed the fees, however, Unison, one of the country's largest unions, has been given permission to seek a judicial review of the introduction Employment Tribunal fees. The TUC have also criticised the fees and said the reforms will deter victims of abuse at work to suffer in silence.

According to the Ministry of Justice, there were 186,300 claims accepted by Employment Tribunals in the year to March 2012. Of those, 31% were for unfair dismissal, breach of contract and redundancy. About 27% of the 186,300 claims were withdrawn, but employers in those cases still had to pay legal fees when preparing a defence.

ACAS PUBLISH NEW GUIDANCE ON SETTLEMENT AGREEMENTS

1 August 2013

Settlement Agreements came in to force on the 29 July 2013 and Acas has published new guidance on the subject alongside the introduction of a new Code of Conduct on Settlement Agreements.

Failure to follow a Code of Practice will not, in itself, make a person or organisation liable to proceedings, nor will it lead to an adjustment in any compensation award made by an employment tribunal. However, employment tribunals will take the Code into account when called upon to consider relevant cases.

Full details of Settlement Agreements are included within the Settlement Agreement booklet however some key points to note:

- Settlement agreements are legally binding contracts that waive an individual's rights to make a claim covered by the agreement to an employment tribunal or court.
- The agreement must be in writing.
- They usually include some form of payment to the employee and may often include a reference.
- They are voluntary.
- They can be offered at any stage of an employment relationship.

Settlement agreements are legally binding contracts which can be used to end an employment relationship on agreed terms. They can also be used to resolve an on-going workplace dispute, for example, a dispute over holiday pay. These agreements can be proposed by either an employer or an employee, although it will normally be the employer.

Once a valid settlement agreement has been signed, the employee will be unable to make

AMENDMENT MADE TO LIMIT ON COMPENSATARY AWARD FOR UNFAIR DISMISSAL

6 August 2013

The Unfair Dismissal (Variation of the Limit of Compensatory Award) Order 2013 has been published which amends the limit on the compensatory award for unfair dismissal claims.

The Order amends the limit on the compensatory award for unfair dismissal claims by introducing an additional, alternative limit. In an unfair dismissal claim the limit on the

compensatory award shall be the lower of a set amount (which is currently £74,200) and the product of 52 multiplied by a week's pay of the employee concerned.

The transitional provision contained in this Order means that the additional, alternative limit

ACAS HELPLINE ONLINE

6 August 2013

Acas has recently launched a new online helpline. It is an automated system which is designed to learn from the questions asked of it.

As more people use the online helpline it will get better at providing the most relevant answer to a query. Acas has said that they will be tracking any un-answered questions and, in each case, considering whether to add them to the system.

Some of the top questions asked include:

- What are the different types of dismissal?
- How can an employee raise a grievance?
- How can an employer change the terms of a contract where an employee does not agree to the change being made?

Follow the link below to try the Helpline

Acas Helpline Online

SUBJECT ACCESS CODE OF PRACTICE PUBLISHED BY ICO

13 August 2013

Under the Data Protection Act, anyone has the right to find out what information an organisation holds about them by making a subject access request.

Payroll and HR departments tend to be the main areas in a business where sensitive employee data is held. If you are responsible for controlling data within your organisation, it may be useful to know that the Information Commissioner's Office (ICO) has published new guidance to help employers respond to requests from individuals who want to know how their information is used.

The Subject access code of practice explains the rights of individuals to access their personal data and clarifies what a business must do in this regard to comply with your duties as a data controller.

MISCALCULATION OF HOLIDAY PAY LEADS TO INCREASE IN PENSION LIABILITIES

23 August 2013

The story of John Lewis increasing its pension liabilities by £7m due to not calculating holiday pay correctly is an expensive lesson to learn.

Professional Pensions has reported the story that has seen John Lewis increase its pension liabilities by £7m after uncovering mistakes in the way it had calculated holiday pay.

Also reported in the news was that not adhering to the Working Time Regulations could cost £40m to put right.

The payroll error was discovered during a review that found the partnership had failed to correctly make holiday payments relating to premiums for partners working on Sundays or bank holidays.

According to the report John Lewis has updated its pay systems to ensure future holiday payments are correct - the change is expected to add 0.5% to its annual pay costs.

CLOUD STORAGE DATA TO BE AUTOMATICALLY ENCRYPTED BY GOOGLE

28 August 2013

Businesses that use Google cloud computing to store data can be reassured by the news that information will now be encrypted by default.

Cloud Times has reported that after almost a week of Google's announcement that it will start to encrypt by default its Cloud Storage application, it is now being implemented. It initially encrypted the server-side of its new and active data even before they are stored in the cloud, then it will be followed by processing of old data that are previously stored in the system.

All other company data that uses Google will automatically be encrypted once files are uploaded in the Google Cloud Storage. The data is encrypted with a 128-bit Advanced Encryption Standard algorithm, then the object's unique key is attached and encrypted again to the object's owner. These data once stored in the cloud will be automatically and periodically updated in terms of auditing and access controls.

Employment law experts Pinsent Masons, have written an interesting article discussing some of the DPA (Data Protection Act) considerations for data controllers when dealing with personal information stored in the cloud.

Fee Remission in Courts and Tribunals

11 September 2013

The government intends to introduce a single fees and remission system across all courts and tribunals.

Daniel Barnett's employment law bulletin has published the details.

The MOJ has published its response to its recent consultation on fee remissions for the courts and tribunals.

In order to qualify for fee remission, an applicant will need to be in receipt of certain state benefits or have a low gross household monthly income (the gross monthly income test replacing the previous gross annual income and net monthly income tests).

And, in addition, a new disposable capital test is being introduced. Those under 61 with a disposable household capital of between £3,000 and £8,000 will be required to spend up to one third of their disposable capital on fees (irrespective of income). Those with £8,000 or more will be required to spend up to half their disposable capital on fees. The over 61s will not be required to pay any fee if their disposable capital is less than £16,000 and they meet the low-income test.

The consultation response states that applicants will not be required to provide proof of disposable capital, albeit the Delivery Managers (as they are called) have the power to request evidence. Evidence is still required for establishing net monthly income, but the evidence requirements are being simplified.

Finally, the time period for applying for retrospective remissions is being reduced from six months to three months.

The changes are expected to take place, by statutory instrument, some time in October 2013.

Agency workers still not receiving equal pay according to TUC research

5 September 2013

The TUC believes it has evidence that the UK government has failed to provide adequate protection for agency workers and that the right to equal pay is being widely flouted.

The TUC has lodged a formal complaint with the European Commission against the UK government for failing to implement the Temporary Agency Workers Directive properly, leading to tens of thousands of agency workers being paid less than permanent staff despite doing the same job.

The complaint says that the UK government's flawed implementation of the EU Directive has allowed the abuse of the so-called 'Swedish derogation' - where employment agencies routinely pay agency workers far less than permanent staff doing the same job.

The TUC has gathered evidence from workplaces where agency staff are paid up to £135 a week less than permanent staff, despite working in the same place and doing the same job. Under the UK's regulations, agency workers are entitled to the same pay and conditions as permanent staff doing the same job after 12 weeks. However, a Swedish derogation contract exempts the agency from having to pay the worker the same rate of pay, as long as the agency directly employs individuals and guarantees to pay them for at least four weeks during the times they can't find them work.

In Sweden, where these contracts originate, workers still receive equal pay once in post and 90 per cent of normal pay between assignments. However in the UK workers have no equal pay rights and are paid half as much as they received in their last assignment, or minimum wage rates, between assignments. Agencies can also cut their hours, so receive as little as one hour of paid work a week.

Evidence gathered by the TUC shows that Swedish derogation contracts are used regularly in call centres, food production, logistics firms (lorry drivers working out of retail warehouses), and parts of manufacturing.

The Temporary Agency Workers Directive was implemented in the UK in 2011 as part of Europe-wide legislation to give equal treatment to agency workers. At the time, business lobby groups warned that the legislation would lead to heavy job losses. But as with the minimum wage, their predictions proved to be completely wrong, and the number of agency workers has increased despite the recession. Agency working in the UK has increased by 15 per cent since the recession, faster than any other form of employment.

The Directive said that countries must prevent the misuse of Swedish derogation contracts. The TUC believes it has evidence that the UK government has failed to provide adequate protection for agency workers and that the right to equal pay is being widely flouted. Swedish derogation contracts should therefore be banned, says the TUC.

The number of workers on Swedish derogation contracts has grown rapidly since 2011. Around one in six agency workers are now on these contracts, according to a report from the Recruitment and Employment Confederation (REC).

However the REC responded publically to the TUC's complaint on payment between assignments contacts.

REC head of policy Kate Shoesmith said:

"It is wholly misleading of the TUC to describe pay between assignments (PBA) or Swedish Derogation contracts as a loophole as they are part of the Agency Workers Regulations (AWR) that were assembled following consultation with the unions.

Most workers are now much better off as a result of AWR as they receive equal pay after 12 weeks. Or they can sign up to become a permanent employee of their recruitment agency where they are paid when not on assignments and have access to benefits that they would not have been eligible to before such as protection from unfair dismissal, maternity leave and statutory redundancy pay by signing a PBA contract.

The UK economy has made a positive start on the long road to recovery and to disrupt this excellent progress by picking at regulations that the unions played a key role in constructing could put workers' jobs at risk."

The TUC want government to make pay audits compulsory

7 November 2013

Today is 'Equal Pay Day' and according to a TUC analysis of official figures, women working full-time still earn almost £5,000 a year less than men and the pay gap in some jobs is as much as three times bigger.

Equal Pay Day marks the point at which women working full-time effectively stop earning as they are paid 15 per cent less per hour than men working full-time. But in certain professions the gender pay gap is much wider, says the TUC.

According to the research, female health professionals have the biggest pay gap at 31 per cent, which works out at £16,000 a year. A key reason for the size of the pay gap in health is the earnings of the best-paid professionals. Top male professionals in health earn nearly £50 an hour, twice as much as top earning women who earn £24.67 an hour.

Women working in culture, media and sport experience the next biggest pay gap at 27.5 per cent – which works out at £10,000 a year – while women working in manufacturing occupations earn nearly 24 per cent less than men.

Women earn less than men in 32 of the 35 major occupations classified by the Office for National Statistics. The three major occupations where women earn more than men – transport drivers, electricians and agricultural workers – are all male dominated. Fewer than 50,000 women are employed in these sectors, compared to 1.5 million men.

The gender pay gap across the private sector is 19.9 per cent, far higher than the 13.6 per cent pay gap in the public sector.

The gender pay gap is even bigger for women working part-time, who earn 35 per cent less per hour than men working full-time. Equal Pay Day for women working part-time was back on 27 August.

The TUC believes that as four decades of equal pay legislation have only halved – rather than eradicated – the gender pay gap, a tougher approach is needed to stop millions of workers losing out on pay and career opportunities, simply because of their gender.

One of the reasons for the gender pay gap is the lack of transparency in pay systems that allow companies to pay female employees less than their male colleagues, without staff even

being aware of it, says the TUC. Publishing annual gender pay gap information and conducting regular pay audits would enable companies to identify any gender pay gaps, and take action to close them.

CIPP comment

The government published 'Equal pay audits: a further consultation' in May 2013 and the CIPP submitted a formal response on behalf of members. In brief the proposals in the consultation mean that an employment tribunal which finds that an employer has discriminated on grounds of sex in contractual or non-contractual pay will be obliged to order the employer to conduct a pay audit in cases where continuing discrimination is likely. A pay audit would not be ordered if one has been completed in the last three years, the employer has transparent pay practices or the employer can show a good reason why it would not be useful.

The TUC is asking the government to go well beyond these proposals and wants them to legislate and make audits compulsory additions to annual company reports. Apparently just one in 100 companies are currently voluntarily publishing equal pay information.

The 'Equal pay audits: a further consultation' closed in July 2013 and we are still waiting for the government's response.

Read the full press release from the TUC.

Enforcement of Employment Tribunal Awards

7 November 2013

The government is looking at measures to clamp down on non-payment of tribunal pay outs as research shows that over half of those awarded don't actually receive the money from the employer.

HR Bullets has produced the following summary:

In light of BIS-sponsored research showing that over half of those awarded a tribunal pay out don't actually receive what they've been awarded, the government has said it will look at measures to clamp down on non-payment.

Among the measures the Employment Relations Minister Jo Swinson is considering are:

- making changes to the employment tribunal rules to give judges the power to demand deposits from businesses who they think might not pay up
- fixed penalty notices for late payment
- naming and shaming employers who fail to pay out (presumably in a similar vein to that now going to be used for non-payers of the national minimum wage), and
- making sure that people are aware how they can take enforcement action if they are not paid what they are due.

The government is also looking at what action it can take to make sure people get their tribunal award when a company has stopped trading. If a company is insolvent, the Redundancy Payments Service can already pay certain elements of an employment tribunal award. Along with raising awareness of this service, ministers are also looking to make sure that rogue directors are not able to continue to evade their responsibilities.

The Payment of Tribunal Awards 2013 study examined whether awards were paid, reasons for non-payment and the effect of enforcement action. One of the most common reasons for non-payment was that employers simply refused to pay. Other findings included:

- Just under half (49%) of claimants who had been granted an award by a tribunal had been paid the award in full, and a further 16% had been paid in part. This amounts to 64% of all claimants, and leaves more than a third who had not received any money at all, even after in some cases enforcement action was taken.
- Of those who were not paid their award without resorting to enforcement, almost half (46%) pursued enforcement through the courts (22% of all claimants).
- Claimants with larger award values (over £5,000) who were not paid their award were more likely to report that the company had become insolvent or ceased trading.
- The reason most commonly given for non-payment was that the company no longer existed/had become insolvent or otherwise ceased trading (37%). One in three claimants whose award was not paid (29%) stated that the employer had refused to pay, and 17% were unable to locate the employer.
- The main reason given for not using enforcement to pursue an award is lack of awareness. Overall, only 41% of claimants agreed that they were aware of the options open to them if their employer did not pay their award (falling to only 28% of those who did not use enforcement).

The Equality and Human Rights Commission tackles pregnancy discrimination

20 November 2013

The Equality and Human Rights Commission will be undertaking a new comprehensive research project into the scale of pregnancy and maternity discrimination in the workplace.

Anecdotal evidence suggests that some pregnant women experience discrimination while on maternity leave or on their return to work. However, there is no up to date evidence as the most recent data goes back to 2005.

The project will investigate employers' practices towards employees who are pregnant or on maternity leave, and these employee's experiences in the workplace to provide evidence on the extent, causes and effects of pregnancy and maternity discrimination. This information will enable the Commission and Government to shape the most appropriate response. The Commission proposed the project to the Department for Culture Media and Sport (DCMS) as part of a package of measures to address Equality and Human Rights, and Secretary of state Maria Miller has confirmed the funding to support this project.

Education for both employers and employees nationally will be key to tackling this issue and the Commission will assess how best to raise awareness of pregnancy and maternity rights. Mark Hammond, Chief Executive of the Equality and Human Rights Commission, said:

'It is very concerning that in 2013 a number of women are still being disadvantaged in the workplace just because they are pregnant. That would be unlawful discrimination and needs to be tackled.'

'We will look at existing research, gather new evidence and carry out our expert analysis to establish the extent of the problem and advise on how best it can to be addressed.'

Whistleblowing Commission publishes report

29 November 2013

The Whistleblowing Commission has carried out an in-depth review of whistleblowing policies and practices and has published a report which includes 25 measures to tackle what it describes as a "culture of silence".

Daniel Barnett's employment law bulletin summarises:

In response to a steady flow of scandals and allegations of 'gagging' across the public and private sectors, the Whistleblowing Commission has published its long-awaited report, which carried out an in-depth review of whistleblowing policies and practices. The Commission, set up by the charity Public Concern at Work, has recommended 25 measures to tackle what it describes as a "culture of silence"• .

The Commission's report concluded that the legislation currently in place is not working. The key recommendation is that a new code of practice should be introduced to strengthen the whistleblowing framework in the UK and to ensure that whistleblowers are given the confidence to speak out openly without fear of reprisals. The reports suggests that the code should be adopted in all UK workplaces, and include guidance for employers and their workers and representatives on how to deal effectively with any whistleblowing issues that may arise in the workplace. Other recommendations include:

- a requirement for Regulators to encourage adoption of the Code by those they regulate,
- the introduction of specific provisions against the blacklisting of whistleblowers,
- strengthening anti-gagging provisions, and
- specialist training for employment tribunals on handling whistleblowing claims.

The Commission recommended that a failure to follow the code should not, in itself, make a person or organisation liable to proceedings, however courts and tribunals should consider the Code and take into account failure to follow it, when considering allegations of whistleblowing.

The report went on to say that the remedies in the Public Interest Disclosure Act (PIDA), which was introduced 15 years ago to provide a remedy for workers dismissed or victimised for whistleblowing by their employer, should be strengthened, clarified and extended to cover a broader scope of workers, including doctors, social workers, volunteers and interns.

Acas launches consultation on Discipline and Grievance Code

13 December 2013

Acas is seeking views on a specific change to the Code relating to the legal right workers have to be accompanied at a disciplinary or grievance hearing.

Acas has launched a consultation on a revision to the Discipline and Grievance Code of Practice. This change comes as a result of an Employment Appeal Tribunal Hearing earlier this year, which suggested that the Code did not accurately reflect the law on the statutory right of accompaniment.

Acas Council Chair Ed Sweeney said:

"We recognise that the current wording does not accurately interpret the law which is why we have decided to amend the Code.

"Although comments are not being sought on the Code as a whole at this point in time, we will continue to keep it under review."

Further information and copies of the consultation document can be downloaded from the Acas website.

The deadline for comments is midnight on Tuesday 7 January 2014.

Marriage for Same Sex Couples

13 December 2013

The government has announced that Marriage for Same Sex Couples will be introduced from 29 March 2014.

As set out in the Marriage (Same Sex Couples) Act 2013 for the purposes of survivor benefits in occupational pension schemes, the current requirements for those members in a Civil Partnership have been extended to those same sex couple in a marriage.

Summary of what's changing and when
Same sex couples will be able to give notice on Thursday 13 March and marriages (following notice) can take place on Saturday 29 March.

The government is working hard to ensure that couples wishing to convert their civil partnerships into marriages, and married people wanting to change their legal gender while remaining married, will be able to do so as soon as possible. They aim to do this before the end of 2014.

CIPP comment
You may be wondering what this change has to do with the payroll profession. There may be benefits within your company that you administer which are offered to employees' spouses, such as healthcare. Employers will need to ensure that whatever is currently offered to married couples will need to be extended to same sex married couples to avoid any risk of discrimination in the workplace.

Acas Early Conciliation - A free new service launches in April

14 February 2014

From 6 April, anyone intending to make an employment tribunal claim must contact Acas first.

The Employment Tribunals (Early Conciliation: Exemptions and Rules of Procedure) have been published, confirming that Early Conciliation will come into force on 6th April 2014. This is an important change and Acas can help to resolve disputes quickly, saving the time, cost and stress of going to a tribunal.

What will be the key benefits of Early Conciliation?

- Using Acas Early Conciliation could help you avoid going to an employment tribunal which can be costly, stressful and time-consuming.
- Acas has expert conciliators who are impartial, professional and highly valued by the people that they help.
- They can help clarify the most up to date requirements of employment law
- The service is free.

What type of issues will Early Conciliation help resolve?

Early Conciliation will help resolve the majority of workplace disputes which may lead to an employment tribunal, including:

- unfair dismissal claims
- workplace discrimination
- redundancy payments or disputes around selection procedures
- deductions from wages or unpaid notice/holiday pay
- rights to time off or flexible working
- equal pay.

How will Early Conciliation work?

Once Acas receives a request for Early Conciliation they will phone the person making the claim within one working day. In that phone call they will clarify any details on the application form, gather basic information on the dispute itself and give them a fuller understanding of EC. Once this has been done the case will be passed on to a Conciliator who will aim to make contact with both parties within one working day of receiving the case.

Further information on Early Conciliation is available on the Acas website.

If you need help before April 2014

Before Early Conciliation launches in 2014 Acas can still help you resolve employment disputes before you make an employment tribunal claim. This free service is called Pre Claim Conciliation (PCC). In 2012 they successfully helped over 13,000 employees and employers resolve their disputes through PCC.

Find out whether PCC can help by calling the Acas Helpline on 08457 47 47 47.

Employment Tribunal Statistics

18 March 2014

Since the government introduced employment tribunal fees in July 2013, there has been a significant fall in cases.

The Ministry of Justice published its quarterly tribunal statistics report which presents the latest statistics on type and volume of Tribunal cases that are received, disposed of or outstanding in October to December 2013.

Responding to the 79 per cent fall in employment tribunal cases – from 45,710 between September and December 2012 to 9,801 cases for the same period last year – since the government introduced a fee for most workers to take cases, TUC General Secretary Frances O'Grady said:

"These figures show that introducing fees for tribunal cases has stopped many people seeking justice. No one will believe that Britain's workplaces have got fairer overnight. Too many of Britain's bad bosses are getting away with treating staff badly, confident that the government is on their side.

"The big drop in sex discrimination and pregnancy dismissal claims show that it is likely that women are the main losers. But fees are deterring both women and men from taking cases for unpaid wages where the fees are greater than the sums held back by their bosses. Only the very poorest get relief from fees – TUC research shows that more than one in three households containing at least one worker on the minimum wage has to pay £390 to bring an unpaid wage claim.

"It is sheer hypocrisy for ministers to suggest that the charges have stopped drawn out disputes and 'emotional damage' to workers. Nothing is worse than suffering injustice and knowing that you cannot afford to put it right.

"These figures also show why workers should be in a union. While there has been a big fall is in cases brought by individuals, unions are still supporting members who have been treated badly and need to seek justice."

Disclosure and Barring: Reforms to rehabilitation periods for offenders

21 March 2014

Reforms which will reduce the period during which certain convictions need to be disclosed to potential employers came into effect on 10 March 2014.

HR Bullets provides a very good summary of the changes to Rehabilitation Periods:

Reforms which will reduce the period during which certain convictions need to be disclosed to potential employers will come into effect on 10 March 2014. But those applying to work in sensitive workplaces will continue to have to disclose previous convictions.

Legislation in this area was introduced 40 years ago - the Rehabilitation of Offenders Act 1974 - with the aim of preventing ex-offenders who have not re-offended for a significant period of time from being denied access to jobs purely on the basis of their past criminal convictions. The general scheme of the Act is that an ex-offender who has not re-offended for a specific length of will be considered 'rehabilitated', and the ex-offender will be entitled to present him or herself to employers as if he or she had never been convicted in the first place. Over the years, an ever-increasing list of occupations have been excluded from the scope of the Act via Exceptions Orders, and applicants/employees in such occupations must disclose unprotected cautions and convictions, regardless of whether they are 'spent' or 'unspent'.

This reform probably represents one of the most significant revisions to the legislation since its inception: it was first mooted two years ago. The changes are part of the government's plan to reduce re-offending by helping offenders get back into 'honest work'.

Under the new system, rehabilitation periods for community orders and custodial sentences will comprise the period of the sentence plus an additional specified period, rather than all rehabilitation periods starting from the date of conviction as is currently the case. So, for an example, an adult offender sentenced to two and a half years custody, who would previously have had to declare their criminal conviction for ten years from the date of conviction, will now have to disclose their conviction for the period of the sentence plus a further four years (giving a total rehabilitation period of six and a half years). Follow this link to view the new rehabilitation periods.

Further information:

The changes are set out in the Legal Aid, Sentencing and Rehabilitation of Offenders Act 1974.

The Home Office has also issued updated guidance which details information for employers (the last 3 pages) and also includes a list of general types of employment that are included in the Exceptions Order.

TUPE (Transfer of Undertakings (Protection of Employment))

Changes to TUPE regulations likely to come into force in January 2014

3 September 2013

According to a spokesman for the Department for Business, Innovation & Skills (BIS), changes to the TUPE regulations are likely to come into force in January 2014 instead of October 2013 as originally planned.

Personnel Today reported in their news that the government is planning to publish its response to the consultation on proposed changes to the TUPE (Transfer of Undertakings (Protection of Employment)) Regulations in early September 2013.

Proposed TUPE amendments include:

- a repeal of the provisions on service provision changes, for example outsourcing and retendering
- a repeal of the requirement for the transferor to provide employee liability information
- limiting the future applicability of terms and conditions derived from collective agreements to one year from transfer.

BIS said it was still finalising the timescale for the TUPE changes but that it plans to lay the draft regulations before Parliament in December 2013, with the intention that they come into force in January 2014

Government publish response to TUPE consultation

6 September 2013

In 2011 the government announced its intention to improve how the TUPE (Transfer of Undertakings (Protection of Employment)) Regulations work. Through a call for evidence and a consultation the government has now set out a reforming package of amendments.

In the government's response they state that their reforms to the TUPE Regulations will remove unfair legal risks that businesses currently face when carrying out a transfer.

The response outlines a package of reforms that will improve how the TUPE Regulations work. Including the commitment to improve TUPE guidance, the government will amend regulations:

- to allow renegotiation of terms derived from collective agreements one year after the transfer, provided that overall the change is no less favourable to the employee
- to provide expressly for a static approach to the transfer of terms derived from collective agreements
- so that changes in the location of the workforce following a transfer can be within the scope of economic, technical or organisational reasons entailing changes in the workforce, thereby preventing genuine 'place of work redundancies' from being automatically unfair
- to reflect the approach set out in the case law, namely that for there to be a TUPE service provision change, the activities carried on after the change in service provision must be "fundamentally or essentially the same" as those carried on before it

- to make it clear in statute that consultation which begins pre-transfer can count for the purposes of complying with the collective redundancy rules, provided that the transferor and transferee can agree and where the transferee has carried out meaningful consultation
- to improve the TUPE process for micro businesses by allowing such businesses to inform and consult directly affected employees when there is no recognised independent union, nor any existing appropriate representatives
- to retain the rules about employee liability information and extend the time before the transfer when it must be given to the transferee to 28 days.

The consultation response also outlines where the government was persuaded by the strength of the submissions not to change the TUPE Regulations. The government will **not**:

- repeal the service provision change rules
- allow a transferor to rely on a transferee's economic, technical or organisational reasons to dismiss an employee prior to a transfer
- amend Regulation 4(9) (a substantial change in working conditions to the material detriment of an employee).

Draft regulations are not included in the response and a date of implementation is also not mentioned. However, as we reported recently (see the link below), BIS has apparently said that January 2014 is likely.

Employment law and legislation changes coming in to force on 1 October 2013

1 October 2013

From 1 October a number of key changes will be made to legislation covering executive pay, third party harassment provisions, pension protection from TUPE transfers and the National Minimum Wage.

Executive pay

The aim of the new rules is to ensure greater transparency for board pay and to encourage engagement between shareholders and companies.
The major changes are:

- Next year shareholders will have a binding vote on board pay;
- Directors who authorise payments not approved by shareholders will be personally liable; and
- Much greater disclosure of board pay, including a single pay figure which will be subject to an advisory shareholder vote

Third party harassment provisions

The third party harassment provisions have been repealed as part of the Government's 'red tape' challenge, on the basis that they are unnecessary. However, employers may still be liable for acts of harassment by third parties, even if the act occurs after 1 October, as employees will be able to frame a claim in a different way. For example, an employer's failure to address third party harassment suffered by an employee could in itself amount to harassment or could give rise to a constructive unfair dismissal claim.

Amended protection for employee pensions rights on a TUPE transfer

Following a consultation, new regulations take effect on 1 October 2013, which change the obligations on the transferee post-transfer in relation to employees who were or were eligible to be members of an occupational pension pre-transfer. Previously, the transferee was required to provide access to a scheme, which met certain requirements and, in most cases, was required to match contributions made by the employee, up to a maximum of 6% of salary. The new regulations give the transferee the option of satisfying its pensions obligations under TUPE by paying contributions that match those paid by the transferor for the relevant employee immediately before the transfer.

Increase to National Minimum Wage

The minimum wage will increase by 12p an hour to £6.31.

Draft Transfer of Undertakings (Protection of Employment) Regulations (TUPE) 2006

4 November 2013

Further to the government's consultation on the TUPE Regulations, draft Regulations have now been published.

The draft TUPE Regulations still need to be finalised and agreed with Ministers. The government's intention is to lay the Regulations before Parliament in December 2013, and plan that they will come into force in January 2014.

New TUPE Regulations implementation date

20 December 2013

The Department for Business, Innovation & Skills (BIS) has confirmed that the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2013 will come into force on 31 January 2014.

BIS publishes a statement every six months which lists the new domestic regulations they intend to introduce within the 'one in one out' rule. Their latest seventh statement of new regulation covering regulations that come into force from January to June 2014 includes detail of the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2013.

Proposed TUPE amendments include:

- a repeal of the provisions on service provision changes, for example outsourcing and retendering
- a repeal of the requirement for the transferor to provide employee liability information
- limiting the future applicability of terms and conditions derived from collective agreements to one year from transfer.

Guidance on TUPE Employment Rights published

16 January 2014

The Department for Business, Innovation & Skills has, at the last hour, published guidance on the revised 2006 TUPE Regulations and the 2014 Regulations.

On 6 April 2006, the revised Transfer of Undertakings (Protection of Employment) Regulations (called 'the TUPE Regulations' and 'the Regulations' in this guidance) came into force1.

The TUPE Regulations are amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 20142 (called 'the 2014 Regulations' in this guidance), which come into force on 31 January 2014.

These amendments will not apply in respect of any transfers which take place on or before 30 January 2014.

This guidance covers the TUPE Regulations (and to some extent other similar transfers) as amended by the 2014 Regulations.

Main changes made in the 2014 TUPE regulations

The 2014 Regulations amend the 2006 Regulations in their application in Great Britain. The 2014 Regulations introduced:

- A clarification on the face of the Regulations regarding the test for service provision changes, the activities carried out after the change in provider must be fundamentally the same as those carried out by the person who has ceased to carry them out before it.
- Amendments to the provisions which give protection against dismissal and restrict changes to contracts: these protections will apply where the sole or principal reason for the dismissal or variation of employment contract is the transfer. Those protections will not apply in certain circumstances where the sole or principal reason for the dismissal or variation is a economic, technical or organisational reason entailing changes in the workforce.
- Amendments so that a change to the place where employees are employed can be within 'changes in the workforce'. This is relevant to the dismissal protection and the protection against variations of contracts.
- Exceptions to the general restriction on varying contracts of employment
    - so that terms incorporated from collective agreements can be varied when more than a year has passed since the transfer, provided that overall, the contract is no less favourable to the employee and
    - so that employers can make changes permitted by the terms of the contract,
    - but in both cases, this is subject to the rules as to when a contract is effectively varied.
- A provision so that in some circumstances, rights to terms and conditions provided for in collective agreements entered into after the date of the transfer are not transferred.
- A provision allowing micro businesses to inform and consult employees directly when there are existing appropriate representatives.
- The usual deadline by which the old employer must supply the employee liability information to the new employer is increased from not less than 14 days before the transfer, to not less than 28 days before the transfer.
- An amendment to the Trade Union and Labour Relations (Consolidation) Act 1992 so that a transferee may elect to consult (or start to consult) representatives of transferring staff about proposed collective redundancies prior to the transfer (to meet the requirements for such consultation under that Act). The transferor must agree to such consultation.

A guide to the 2006 TUPE Regulations (as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014) for employees, employers and representatives

Revised TUPE rules come into force

4 February 2014

Changes have been made to the Transfer of Undertakings (Protection of Employment) Regulations (TUPE), which protect the employment terms and conditions of employees who are transferred from one organisation to another. The regulations have been improved to make sure both employers and staff are treated fairly when a transfer takes place.

Under the new regulations:

- Businesses will now be able to renegotiate terms and conditions in collective agreements 1 year after a transfer has taken place, provided that the overall change is no less favourable.
- Micro businesses will be able to inform and consult employees directly when there are no existing appropriate representatives. Under existing TUPE regulations businesses usually have to inform, and sometimes also consult, employee representatives such as trade unions representatives; for micro businesses with 10 or fewer employees, there are often no representatives which means that they have to be specifically elected for this purpose; this change will make this process much less bureaucratic.
- The new employer will be able to engage in pre-redundancy consultation with employees, with the consent of the old employer.
- Contractual changes will be permitted for economic, technical or organisational reasons with the agreement of the employee and or where a contractual right of variation exists.

The regulations also clarify the existing law in a number of areas:

- In cases where employees' terms and conditions are provided for in collective agreements, only the terms and conditions in the collective agreements that are in place before the date of transfer will apply; any future changes will not bind the new employer, unless it has taken part in the bargaining process that brought about the changes.
- The test for service provision changes will make clear that activities carried out after the change in provider must be fundamentally the same as those carried out by the previous person who has ceased to carry them out; this means that if businesses radically change the way they provide services, that change is unlikely to be subject to the TUPE regulations.

Updated TUPE guidance can be found at Business transfers, takeovers and TUPE.

Acas guidance on TUPE changes

11 February 2014

A new set of requirements affecting business transfers and outsourcing came into force on 31 January. Acas has produced guidance on the changes to the law.

On 31 January 2014, new regulations on TUPE came into effect updating the 2006 regulations. Acas has produced a leaflet to help employers better understand what the changes mean and how they may affect their business. Acas are calling this a leaflet but it contains 20 pages of guidance. Acas will also be producing a full guide on TUPE and how to manage the process effectively which will become available in the coming months.

Key points

The TUPE regulations ensure:

- that when a business transfer occurs, employees moving across to the new employer (known as the incoming employer) bring with them their length of service and terms and conditions, and
- that there is a structure for the transfer process.

The TUPE regulations usually apply when:

- a business or part of one is sold to the incoming employer, or
- two or more companies cease to exist and combine to form a new company
- activities are outsourced to a contractor or brought back in house.

TUPE applies regardless of the size of the organisation, although there are minor differences concerning how smaller employers with less than 10 employees are required to consult. Generally speaking, the TUPE regulations apply to employees whose work moves over to the incoming employer. However, there are very specific rules around this which are covered in more detail in the guidance.

Zero hours contracts

ZERO-HOUR CONTRACTS TO BE REVIEWED

17 June 2013

The Government is to review the use of controversial “zero-hours” contracts under which employees are put on standby and not guaranteed a minimum amount of work.

Vince Cable, the Business Secretary, is worried that some companies are abusing the contracts and has asked his officials to review the growth of the contracts in both the private and public sectors. Although he is unlikely to ban them, they could be restricted or workers on them given more protection.

Business Secretary, Vince Cable, said:
“There has been anecdotal evidence of abuse by certain employers, including in the public sector, of some vulnerable workers at the margins of the labour market.”

He denied that BIS was planning to ban the contracts, but said:
"Whilst it's important our workforce remains flexible, it is equally important that it is treated fairly.

“This is why I have asked my officials to undertake some work to better understand how this type of contract is working in practice today.”

Zero hours contracts have been criticised by some because they allow employers to put workers on standby without a guaranteed minimum number of hours or pay.

Welcoming the news that the Government is reviewing the use of zero-hours contracts, TUC General Secretary, Frances O'Grady, said:

“Employers know they can get away with advertising zero hours jobs because there are so many jobseekers hunting too few vacancies.

"With the tough times set to continue, now is the perfect time for the government to be reviewing - and hopefully regulating - the increasing use of these exploitative contracts."

ZERO HOURS CONTRACTS FOUR TIMES HIGHER THAN ESTIMATES

8 August 2013

Research conducted by the CIPD reveals that the number of people on zero hours contracts is potentially 1million, four times the official estimate.

The latest figures from the Chartered Institute of Professional Development (CIPD) found that 3 to 4 per cent of the country's workforce are on zero hours contracts. This suggests that the Office for National Statistics' calculation of 1 per cent – or 250,000 zero hours workers – is an underestimate.

The survey of 1,000 employers found that one-fifth employed at least one person on a zero hours contract, although the majority of those organisations used zero hours contracts for less than 10 per cent of their workforce.

Employers in the voluntary sector (34 per cent) and the public sector (24 per cent) were more likely to use zero hours contracts than private sector companies (17 per cent).

The figures revealed that zero hours contracts were most common in the hotel, catering and leisure industry (48 per cent), education (35 per cent) and healthcare (27 per cent).

CAN AN INDIVIDUAL WORKING UNDER A ZERO HOURS CONTRACT BE AN EMPLOYEE?

9 August 2013

With zero hours contracts hitting the headlines this week, there is some confusion over what zero hours contracts hours actually are.

Sarah Ashberry from Pinsent Masons employment law specialists, describes a zero hours contract as a contract for a worker, not an employee. The arrangement being that the employer does not have to offer any work to the worker, so it is on an 'as and when' basis and the worker is expected to work when required.

Sarah goes on to say, *"That is, of course, why these are controversial because it would seem to be quite an unequal arrangement – it puts the control in the hands of the employer and they can flex the arrangement to suit themselves which is often ideal for the employer and perhaps less ideal for the worker because they have a state of uncertainty and they don't always know how many hours per week they will be required - of course, a lot of people quite like working in that way. Sometimes zero hours contracts actually become something else - they become an employment contract."*

Sarah explains that a zero hours contract can become an employment contract so an individual working under a zero hours contract can become an employee and this can happen in two ways. It can happen deliberately where both parties, the worker and the employer, regard themselves as in more of a part-time work situation, a part-time employment contract, and they have what is called "mutuality of obligation". The employer is bound to offer work and the employee is equally bound to turn up for that work and accept it. So that is fine and people might refer to it as a zero hours contract but in fact they have got a contract of employment but everyone is happy with that situation and everyone knows what it is.

What can also happen, quite frequently, is that something can mutate into an employment contract with neither party, but particularly the employer, wanting that to happen and it can really happen by the back door and it has happened because the working pattern has developed without the written documentation being updated and in fact without anyone noticing. So while the employer might think they have got an "as and when" zero hours contract in fact what they have got is an employment contract and they are employing somebody with full employment rights.

Pinsent Masons do recommend that employers regularly audit atypical working arrangements because what can be appropriate and apt when you enter into the arrangement often isn't six or twelve months down the line because things might well have moved on.

Pinsent Masons Employment Law Bulletin also includes some interesting discussion around the 'pros and cons' of zero hours contracts for both the employee and the employer.

The ONS to survey businesses on zero-hours contracts

29 August 2013

From autumn 2013, one of The Office for National Statistic's (ONS) monthly business surveys will include some questions on zero-hours contracts in order to obtain robust data directly from employers.

These questions will be asked on a quarterly basis with the first results expected to be published in early 2014.

To ensure that users' needs are met, ONS will undertake a short consultation exercise in September 2013 to clarify the data requirements.

The current estimate is based on an ad hoc analysis of employee responses collected in the regular Labour Force Survey (LFS). While the LFS is the largest household survey of any kind conducted in the UK, this question depends on employees knowing and correctly reporting their terms of employment.

ONS press release

Labour pledges to ban zero hours contracts

11 September 2013

Speaking to delegates at the TUC Congress in Bournemouth, Ed Miliband has promised a ban on zero hours contracts.

Union news reported that the Labour leader said:

"The worst of these practices owe more to the Victorian era than they do to the kind of workplace we should have in the 21st century. It's wrong. And the next Labour government will put things right.

We'll ban zero hours contracts which require workers to work exclusively for one business.

We'll stop zero hours contracts which require workers to be on call all day without any guarantee of work. And we'll end zero hours contracts where workers are working regular hours but are denied a regular contract.

And that means security, not insecurity at work…."

Read the full story from Union news.

Zero hours employment contracts: consultation

20 December 2013

The Department for Business, Innovation & Skills has published a consultation which seeks further evidence on the problems identified around the use of zero hours contracts.

To address exclusivity clauses in zero hours contracts, the government is seeking views on the following options:

- Legislating to ban the use of exclusivity clauses in contracts that offer no guarantee of work;
- Government issuing guidance on the fair use of exclusivity clauses;
- Encouraging the production of an employer-led Code of Practice on the fair use of exclusivity clauses, with an additional option to seek Government sponsorship of that Code; or
- Rely on existing common law redress which enables individuals to challenge exclusivity clauses.

To improve transparency over zero hours contracts, the Government is seeking views on:

- Improving the content and accessibility of information, advice and guidance;
- Encouraging a broader, employer-led Code of Practice which covers the fair use of zero hours contracts generally; and
- Whether and how Government could produce model clauses for zero hours contracts.

This consultation will run for 12 weeks and the closing date for responses is 13 March 2014.

The policy team will be reviewing this consultation and will publish a survey in the New Year if deemed necessary.

CIPP survey on the government's zero hours consultation

11 February 2014

If you have any experience or indeed opinions on the issue of zero hours contracts, please spare 15 minutes to share your thoughts to help inform the CIPP's response to the government's consultation.

The issue of zero hours contracts was in the spotlight last Autumn. The government acknowledges that zero hours contracts have been used responsibly in some sectors for many years. They can support business flexibility, making it easier to hire new staff and providing pathways to employment for young people. These contracts and other flexible arrangements give individuals more choice and the ability to combine their work with their other commitments. But the government has also said that it will address and crack down on any abuse or exploitation of individuals in the workplace.

As a result the government pledged to review the use of zero hours contracts and published a consultation document seeking views on these contracts can best suit workers and businesses.

This consultation document sets out the issues identified so far, seeks further evidence and invites views on a range of potential actions government and employers can take.

The CIPP has created a survey to collect your views and should take around 15 minutes to complete. The survey will close on Friday 28 February.

CIPP response to zero hours contracts

13 March 2014

The CIPP has today submitted its response to the BIS consultation on zero hours contracts.

There is unanimous agreement that the current guidance does not help individuals challenge exclusivity clauses in zero hours contracts, and that more generally, the government should provide clear and straight forward support and guidance to help both businesses and individuals understand their rights and obligations.

As members are aware, the actual number of workers on zero hours contracts has been open to debate for many months, with various organisations suggesting numbers much higher than the government's original estimate. The recently released ONS figures double the figure the government had originally predicted, and as a consequence the responses to Vince Cable's consultation will, we have no doubt, be keenly scrutinised.

Employment Tribunals

UNLAWFUL DEDUCTIONS CLAIM AND PENSION CONTRIBUTIONS

29 April 2013

The Employment Appeals Tribunal (EAT) has been considering the question as to whether pension contributions count as wages within a claim for the purpose of unlawful deductions.

Thank you to Daniel Barnett's Employment Law Bulletin for drawing our attention to the case of Somerset County Council v Chambers that asked the question of the EAT, do pension contributions amount to 'wages' for the purpose of an unlawful deductions claim?

It would appear not in this case.

Mr Chambers was a social worker employed by the Council. He was a member of a superannuation scheme to which both the employer and employee contributed. He later became a locum social worker on a fractional basis. A change to the Local Authority Pension Scheme rules meant that a person could not be a member of the scheme unless he was employed under a contract of employment of more than 3 months duration. The Council suspended contributions but later re-instated them. There was a dispute about pay, holiday pay and pension contributions in the suspension period.

The employment tribunal awarded the sums claimed as being wrongful deductions from wages.

On appeal to the EAT one of the questions was whether the employment tribunal had jurisdiction to award repayment of the employer's pension contributions on the basis these were deductions from 'wages'.

The EAT held that, notwithstanding the definition in s 27 (1) (a) of the Employments Rights Act 1996 that 'wages' meant "any sums payable to the worker in connection with his

employment", this did not include contributions paid to a pension provider on the employee's behalf.

TERMINATION PAYMENTS AND THE PENALTY CLAUSE

2 May 2013

The unenforceability of a penalty clause in a fixed term contract has been under the spot light in a recent case concerning a football club.

Thanks to Daniel Barnett's Employment Law Bulletin for drawing our attention to this article.

Where termination of a fixed term contract was permitted provided the employer paid the employee's salary for the unexpired portion of the term, was that arrangement an unenforceable penalty cause? Obviously not, holds HHJ Pelling QC in Henning Berg v Blackburn Rovers Football Club & Athletic PLC.

The contract of employment between the Football Club and Mr Berg permitted early termination of his fixed term, but required the Club to pay Mr Berg his salary for the whole period if it chose to terminate early. It did so choose, and Mr Berg claimed that sum.

Refusing the Club permission to withdraw its admission that the sum was due, the judge ruled that it was not arguable that the clause was an unenforceable penalty, because it was not a penalty for breach at all: it operated when the Club did something it was entitled under the contract to do.

TUPE CONSULTATION BY INSOLVENT COMPANIES

14 May 2013

Is it reasonable to expect an insolvent employer to continue to trade for 90 days, so that it can inform and consult in accordance with its obligations?

No, says the Employment Appeal Tribunal in AEI Cables v GMB. Daniel Barnett reports:

AEI, a manufacturer of copper wiring, had suffered financial difficulty as a result of a steep increase in the price of copper. It received advice from its accountants that, unless it reduced costs, there was a risk of the company trading whilst insolvent. The consequences of trading whilst insolvent are that the directors could incur personal liability for obligations assumed, and may also incur criminal liability for fraudulent trading. Following an unsuccessful request for an overdraft, the directors made 124 employees redundant with immediate effect.

The workers successfully claimed in the Employment Tribunal that there had been a breach of the duty to consult under s.188 TULCRA. The employment tribunal made 90 day protective awards to each employee under s.189 TULRCA.

On appeal to the EAT, the decision to make 90 day awards was overturned and 60 day awards were made instead. In explaining its decision, the EAT stressed that the purpose of making a protective award is penal, not compensatory. It is designed to encourage employers to comply with their obligation to consult. The ET was obliged to take into account mitigating factors, and should have asked the important question: "why did the respondent act as it did?" Had the ET asked this question, it would have seen that the company could not trade lawfully following the advice it received from its accountants. In those circumstances, it was wrong for the ET to anticipate that a 90 day consultation could have taken place.

On the basis that AEI's failure to consult was complete, but that "some consultation could

clearly have taken place" in the limited time available, the EAT decided that an order for 60 days was appropriate.

SUPREME COURT: METHODIST MINISTER IS NOT AN EMPLOYEE

15 May 2013

In a recent case the Supreme Court have ruled on the employment status of a Methodist Minister.

Thank you to Daniel Barnett's Employment Law Journal for the coverage of this case.

Was a Methodist minister an employee for the purposes of unfair dismissal protection?

No, says the Supreme Court (Baroness Hale dissenting), allowing the appeal and restoring the judgment of the ET in President of the Methodist Conference v Preston.

The minister carried out her functions under an agreement that entitled her to a stipend, accommodation and a pension; she paid tax under Schedule E, and was entitled to holiday and sick pay and subject to the possibility of disciplinary action. But the ET had felt bound by President of the Methodist Conference v Parfitt [1984] ICR 176 to hold that the spiritual character of the arrangement meant that there was no intention to create legal relations, so no contract.

The EAT and the CA had disagreed, holding that held that the reasoning of the CA in Parfitt could not survive the majority speeches in a more recent HL case, Percy v Board of National Mission of the Church of Scotland [2006] I.C.R. 134.

The majority of the Supreme Court holds that although there is no presumption against an intention to create legal relations in the appointment of a minister of religion, a consideration of the detailed internal arrangements of the Methodist Church leads to the conclusion that in this case there was no such intention; so no contract.

The gist of Baroness Hale's succinct and pragmatic dissent: 'it quacks like a duck and swims like a duck.'

STRIKING OUT TRIBUNAL CLAIMS

20 June 2013

Can a discrimination claim be struck out for a wilful failure on the part of a claimant to comply with tribunal orders? This was the case of Ahmed v Bedford Borough Council, brought before the Employment Appeal Tribunal (EAT) which concluded that not unless consideration has been given to whether the failure has rendered a fair trial impossible.

The Claimant brought claims of race, religious belief and disability discrimination, but unreasonably failed to comply with the tribunal's order that he be examined by a medical expert for the purposes of a PHR on the issue of disability. The tribunal struck his claim out in its entirety as a result.

The EAT held that the issues in such a situation were:

- whether the conduct in question was scandalous, unreasonable or vexatious;
- whether a fair trial was still possible; and
- whether the sanction of strike out was proportionate.

In this case there was insufficient consideration of the latter two conditions (for example whether a lesser sanction was appropriate), and the matter was remitted back to a different employment Judge.

REDUNDANCY AND PARENTAL LEAVE

21 June 2013

The Court of Justice of the European Union (CJEU) has been considering whether, when selecting for redundancy, can an employer assess workers who have been off work on parental leave on different criteria to those who have not been on leave?

No, says the CJEU in a preliminary ruling in the case of Riezniece v Zemkopības Ministrija.

According to the CJEU, where it is the case that a much higher number of women than men take parental leave, EU law precludes:

1) the assessment of workers in their absence, for the purpose of abolishing posts, on the basis of criteria less favourable than that applied to workers who did not take parental leave. Any such assessment must encompass all workers liable to be concerned by the abolition of the post and must be based on criteria which are absolutely identical to those applying to workers in active service. The implementation of those criteria should not involve the physical presence of workers; and

2) the dismissal of a female worker who has been transferred to another post at the end of her parental leave following that assessment, where it was not impossible for the employer to allow her to return to her former post or where the work assigned to her was not equivalent or similar and consistent with her post because, at the time of the transfer, the employer knew that the new post was due to be abolished.

THE SUPREME COURT RULES ON THE MEANING OF 'IN THE SAME EMPLOYMENT'

28 June 2013

The requirement that comparators be in the same employment in Equal Pay cases has been considered and ruled upon recently by the Supreme Court.

The judgment of the Supreme Court in North & Ors v Dumfries and Galloway overturns the earlier decision, that equal pay law which allows a woman to compare herself with a man "in the same employment" does apply, even though the women worked at different 'establishments'.

Unison had appealed after the Court of Session said the 251 classroom assistants, support for learning assistants and nursery nurses in Dumfries were not able to compare themselves with groundsmen, refuse collectors and drivers and leisure attendants who received bonuses, but were based at depots, not in the women's schools.

This ruling will impact on nearly two thousand women members of UNISON as this ruling provides a conclusive win for them following the long-running defence by Scottish councils of paying men discriminatory bonuses that are denied to women.

The UNISON members can expect to share in an estimated £12 million in lost pay after the Supreme Court today handed down judgment in their favour in the seven-year case of North & Others v Dumfries and Galloway Council.

Having conceded that council bonuses were discriminatory, more than 20 Scottish councils joined Dumfries in arguing that women should only get equal pay compensation if they worked at the same location as their male comparators.

UNISON General Secretary, Dave Prentis said:

"I am delighted that the Supreme Court has ruled in favour of our women members. It is a shame, though, that they have had to go through this process and endure a seven-year wait, just to get equal pay. Dumfries and Galloway Council should take immediate steps to correct their pay and I urge other councils to follow suit. We have more than 2,000 other cases on hold, waiting for this judgement."

Dumfries classroom assistant Karen Korus, one of the 251 appellants, said:

"This has been a very long fight but we knew all along that we should be able to compare our work with the men, who sometimes did work in schools, but were not based there like us."

LANDMARK EAT JUDGMENT DRAMATICALLY CHANGES PROCESS FOR CROSS-SITE REDUNDANCIES

5 July 2013

The Employment Appeal Tribunal (EAT) has issued its decision in *USDAW v Woolworths*. This decision will dramatically change how employers carry out cross-site redundancies, confirming that—subject to any appeal or new legislation—employers must collectively consult when 20 or more employees are proposed to be dismissed by reason of redundancy within a period of 90 days or less, regardless of where the employees are located.

In the UK, employers have a general duty to consult with employees individually before deciding to terminate their employment on the grounds of redundancy. In addition, employers have the duty to collectively consult with either trade union representatives or elected employee representatives if the employer wishes to dismiss a certain number of employees. This is set out in section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA), which states that the obligation to collectively consult is triggered by an employer proposing to dismiss as redundant 20 or more employees *at one establishment* within a period of 90 days or less.

The duty to collectively consult comes from a European directive. The directive in question—Council Directive 98/59/EC (the Directive)—sets out that the duty to collectively consult is triggered when the number of redundancies is "over a period of 90 days, at least 20 [dismissals on the grounds of redundancy] . . . *in the establishments in question."*

Crucially, there is a difference between the Directive and TULRCA, as the Directive refers to 20 dismissals in the "establishments in question", whereas TULRCA refers to 20 dismissals "at one establishment".

When Woolworths went into administration in November 2008 and ceased to trade in January 2009, employees were dismissed by the administrators without consultation. The Union of Shop, Distributive and Allied Workers (USDAW) brought claims on behalf of the employees, stating that they were entitled to the protective award.
The Employment Tribunal ordered that the majority of employees should receive 60 days' pay by way of protective award but found that 3,233 employees were not due the award. The reason for this was that some employees were employed in stores that had fewer than 20 employees, and, according to commonly accepted practice, the tribunal held that each store was a separate establishment and as such, the duty to collectively consult was not triggered at these stores.

USDAW appealed the decision to the EAT on the basis that the "one establishment" test adopted by the Employment Tribunal was inconsistent with the Directive.

The EAT held that there should be some interpretation of TULRCA to yield the outcome that the obligation to collectively consult arises when 20 or more employees are to be dismissed—irrespective of their location.

Subject to any appeal or new legislation, the requirement for collective redundancy consultation will be triggered in the future when an employer proposes to make redundant 20 or more employees within a 90-day period, even if they are employed across multiple establishments. It will not be open to the employer to avoid collective consultation by ensuring that fewer than 20 employees are made redundant at a number of different locations.

View the decision here.

CARRYING OVER OF ADDITIONAL HOLIDAY LEAVE WHILST ON SICK LEAVE

24 July 2013

The Employment Appeal Tribunal (EAT) have recently considered the question, can additional annual leave be carried forward in the absence of an agreement between the parties?

Thank you to Daniel Barnett's Employment Law Bulletin for the following summary of the EAT ruling on Sood Enterprises v Healy where it has been confirmed that additional holiday leave cannot be automatically carried forward.

Mr Healy was off work sick for a year and a half when he resigned. The EAT held that unlike 'ordinary'• annual leave, provided for by Regulation 13 Working Time Regulations 1998, additional annual leave, provided for by Regulations 13A Working Time Regulations, cannot be carried over unless there is an agreement in place between the parties, which there was not.

In other words, when an individual is on long-term sick leave, only four weeks' annual leave carries over automatically - and not the additional 1.6 weeks granted by UK law which exceeds the European minimum of four weeks' annual leave.

ALEMO-HERRON V PARKWOOD LEISURE LTD

25 July 2013

The European Court has delivered its judgement concerning the binding nature, to a transferee employer, of clauses within contracts that require an employer to follow determinations of a third party.

Thank you to Daniel Barnett's Employment Law Mailing for providing the following summary.

In Alemo-Herron v Parkwood Leisure Ltd the European Court has delivered its long awaited judgment in the litigation concerning whether clauses in employment contracts which oblige an employer to follow determinations of a third party (such as a national negotiating body) in setting pay are binding on a transferee employer.

In British law, the answer was originally that such clauses are dynamic in nature, thus transferring to the new employer under TUPE even if the new employer has no say in the national bargaining arrangements. In the case of Werhof [2006] ECR 1-2397 the European Court held, however, that such clauses are static in nature, thus obliging the new employer to follow only the current collective agreement affecting pay and conditions and not future determinations by a third party when the employer is not a party to the negotiations.

In this case, a public sector to private sector transfer (the contracting out of Lewisham Council's leisure services), it was argued that the dynamic interpretation was permissible under British law even if not permitted under European law, under the principle that a Member State may, it its domestic law, grant rights more favourable than contained in European law.

The European Court disagreed.

This was because a dynamic clause referring to collective agreements undermines the balance between the interests of the transferee in its capacity as employer, on the one hand, and those of the employees, on the other. Under Article 16 of the Charter of Fundamental Rights of the European Union, an employer must have the right to conduct a business and assert its interests effectively in a contractual process to which it is party. This allows it to negotiate the process of determining changes in the working conditions of its employees with a view to its future economic activity.

A dynamic interpretation was therefore inconsistent with the Charter. As such, Member States are not permitted to allow dynamic clauses referring to collective agreements negotiated and adopted after the date of transfer where the transferee does not have the opportunity of participating in the negotiating process by which such a collective agreement was concluded.

SETTLEMENT DOES NOT REQUIRE FORMAL CONTRACT

30 July 2013

Is an exchange of letters, without a detailed agreement, sufficient to settle a claim? It was in Newbury v Sun Microsystems, concluded the High Court.

Daniel Barnett reports:

Sun's solicitors wrote to Mr Newbury, offering to compromise his claim for £601,464.98, paid within 14 days. Mr Newbury's solicitors replied, accepting these terms, but that they would 'forward a draft agreement for your approval'.

The parties attempts to agree that draft floundered.

Mr Newbury then argued that a binding agreement had already been reached.

Analysing the wording of the letters, Mr Justice Lewis agreed. The offer was detailed enough to be capable of acceptance and it had been accepted.

This case highlights the importance of clarity in the closing phase of negotiation. Parties wishing to agree a figure, but negotiate on other matters, must be careful. As Mr Justice Lewis commented, the phrase 'Subject to contract' may be significant.

DEATH IN SERVICE BENEFIT PAYABLE EVEN THOUGH EMPLOYEE DISMISSED

8 August 2013

In this case Fox v British Airways Plc, a former employee died within days of being dismissed. He had been entitled to the right to death-in-service benefit whilst in employment.

The Employment Tribunal, rejecting an argument that the loss was real loss of substance to the deceased, and considering it was in reality a benefit to the dependents, held that a sum of around £350 akin to the conventional award for loss of statutory rights should be awarded. The deceased's father appealed against the assessment of quantum.

Gary Fox died aged only 44. 20 days before he had had surgery which it was hoped would make him fit again for work. But he had been dismissed from work – because, it was said, he was not physically capable of it, only 5 days earlier than that. If he had still been in work when he died, he would have been entitled contractually to a death in service benefit of three times his annual salary (over £85,000). Because he was dismissed he had nothing.

On the assumption that the dismissal was unfair, or discriminatory in breach of the Disability Discrimination Act 1995 could he claim to have lost that sum? Employment Judge Hyams at Watford Employment Tribunal thought not. He said that a much smaller sum, around £350, was payable. The effect of his reasoning was that if an employee is dismissed with effect from (say) the 21st of the month, and he dies at one minute to midnight on that day, his loss is to be measured in thousands of pounds, but if he survives one minute into the next day it is at most a few hundred. The principal issue for this Court on the appeal is whether the Judge was right.

CALCULATING HOLIDAY PAY ENTITLEMENT

13 August 2013

In a recent case a Tribunal was asked whether employers are required to base their calculation of holiday pay on employees' actual remuneration - including overtime, or only their basic salary.

The Employment Tribunal confirmed that holiday pay entitlement must be based on actual remuneration for contractually required tasks, noting that overtime and shift premia must be included in the calculation.

This case will be of particular interest to employers in the retail sector where overtime, shift premium and other such payments are commonplace.

Pinsent Masons takes a closer look at the case in their HR Briefing.

At a Glance
In the recent case of *Neal v Freightliner Limited*, an Employment Tribunal (ET) was asked to consider whether employers are required to base their calculation of holiday pay on employees' actual remuneration (including overtime pay) or their basic salary alone. The ET confirmed that holiday pay entitlement must be based on actual remuneration for contractually required tasks, noting that overtime and shift premia must be included in the calculation.

Background
This judgment follows on from the recent Supreme Court decision in *British Airways plc v Williams and Others* in which it was held that employees should be paid their "normal remuneration" during their four weeks' statutory annual leave. The principle is that employees should be put in a financial position comparable with periods of work. In the BA case it was held that the pilots' holiday pay should be calculated by assessing average payments made over a representative reference period, including flying pay supplements.

In the wake of this decision there had been some uncertainty as to the wider application of this principle, as the BA case was dealt with under the Civil Aviation (Working Time) Regulations. However, the decision in *Neal v Freightliner Limited* leaves little doubt that the scope of this principle has been extended beyond the airline industry and we are seeing a considerable number of claims for holiday pay to include payments for overtime, shift premia and other allowances.

The Employment Tribunals have also released statistics which show that claims under the Working Time Regulations (WTR) doubled in the first quarter of 2013 and accounted for a third of all claims submitted!

CONFIDENTIAL INFORMATION – LIABILITY OF NEW EMPLOYER

14 August 2013

Is copying your employer's Sage database and using it in the employment of a competitor actionable as a breach of confidence?

Yes, if the information it contains is actually used, according to the Patents County Court in Pintorex Limited v Keyvanfar.

Daniel Barnett's Employment Law Bulletin summarises the case:

Mr Keyvanfar copied the Claimant's database and loaded it onto a laptop owned by his new employer, Parax Office Limited ('Parax'). Mr Keyvanfar then used the pricing information it contained to approach two of the Claimant's clients, and undercut the Claimant's prices.

Parax was held to be liable for the breaches of confidence by Mr Keyvanfar, including those pre-dating Mr Keyvanfar's employment, on the basis that he was acting to further Parax's interests as Parax's agent, and that Parax had sufficient knowledge of what was going on to be jointly liable.

The Third Defendant, the sole Director of Parax, could also have been jointly liable for the breaches had he had a 'common design' to commit them, or 'dishonestly' ignored what was going on, but it was held he did not know and so could not be jointly liable.

LATEST LINKEDIN CASE SETS LEGAL PRECEDENT

23 August 2013

In a recent case an employer claimed damages for breach of contract and for a permanent injunction restraining ex-employees from using confidential information obtained during their employment.

The three employees in this case Whitmar Publications Ltd v Gamage set up a business to compete with their employer some four months before resigning from their positions.

Whitmar contended that Gamage et al had misused Whitmar's confidential information. As well as mirroring circulation figures and some products, the defendants used the LinkedIn groups established under Whitmar to promote their new business. They also refused to provide Whitmar with the user name, password and all other access details for the LinkedIn groups. Business card details were also copied and contacts used for the competing business.

Breach of contract
Whitmar claimed that the former employees were in breach of their contracts of employment and of their obligations as employees and that the defendants were under an implied duty of good faith and fidelity, which continued until the end of their employment. It was also claimed that as two of the defendants were senior employees, they each owed fiduciary duties to Whitmar even though their letters of engagement did not specify this.

The court was of the opinion that the critical distinction between the duty of good faith and fidelity owed by an employee and the fiduciary duties, is that an employee is not in the position of a fiduciary, such as a director. It is commonplace in law that a director owes fiduciary duties to the company of which he or she is a director, and is under a duty to act in good faith in what he or she considers being in the best interests of the company. An employee does not have such wide-reaching obligations.

Springboard relief
The court said Whitmar had a very good chance of succeeding at trial so he was granted 'springboard relief'. This is a form of injunction which stops a new business, set up by former employees, from using confidential information obtained by the employees from their employer. This type of relief is commonly sought where former employees have not signed any specific agreements in their contracts of employment preventing them from taking confidential information, using client information or competing with their former employer.

Control of the LinkedIn groups was subsequently handed back to Whitmar.

CIPP comment
This is the first injunction of this type granted for the misuse of LinkedIn information which seems surprising given that social media networking is now common practice in business. This is yet another case that highlights the importance of employers ensuring they not only have appropriate policies in place at work regarding the use of social media, but that contracts have sufficient terms included to protect businesses.

REPRESENTATION AT DISCIPLINARY HEARINGS

26 August 2013

In a recent appeal case the court found that regardless of any employer objection, employees are allowed to choose any trade union rep to act as their companion in disciplinary hearings.

The Employee Relations Act 1999 ("the Act") states that all staff who are required or invited to attend a disciplinary or grievance hearing should be given the right to be accompanied at the formal meetings. The Act provides a list of companions who may be permitted, including other colleagues within the company, and trade union representatives (even if that trade union is not recognised by the employer).

In some circumstances, the employer may not be happy with the choice of companion. The ACAS code provides guidance in such circumstances, setting out detail on who would be considered a reasonable companion, thereby suggesting that the employer is entitled to refuse to allow certain proposed companions if it does not consider them to be 'reasonable'. In this recently reported case, the EAT confirmed that this is not the case

Read the employment law update from Pinsent Masons where they take a look at this case Toal and another v GB Oils Ltd and explain what the outcome means for employers.

Volunteer worker at commercial company still qualifies for National Minimum Wage

6 September 2013

An intern at Sony has been awarded £4,600 after complaining that he should have earned the minimum wage whilst working for the company.

Workplace Law reports:

Chris Jarvis revealed that he worked from 9.30am until 6pm for three months at Sony Computer Entertainment in Cambridge during 2012, commuting three hours a day from his home in Milton Keynes.

He said that he only expected to be paid his travel expenses, but when payment of those expenses were "delayed", Mr Jarvis felt he should be paid as he was working the hours of an employee.

According to reports, Mr Jarvis reported the firm to HM Revenue and Customs and sued for the unpaid wages. Yesterday, it was claimed that a few weeks before a scheduled Tribunal, the case was settled out of Court and Sony paid Mr Jarvis £4,600.

It was revealed that Sony argued that Mr Jarvis was a volunteer so did not need to be paid, but Jasmie Patel, Specialist Employment solicitor at Leigh Day, who helped Mr Jarvis with his case, said:

"If someone is working set hours and is adding value to the company so that if they were not doing the task someone else would have to be paid to do it, then it is more likely they will be defined as a worker in law, entitled to be paid.

"Voluntary workers can only be employed unpaid by a charity, a voluntary organisation, an associated fund-raising body or a statutory body. You can be a volunteer worker at a commercial company, but you still qualify for the minimum wage."

"On a legal level, under the National Minimum Wage Act 1998, interns who meet the definition of a "worker" are entitled to be paid at least the national minimum wage.

"A key question when determining whether someone is a worker is whether the intern is obliged to perform work or services for the company and whether the organisation is obliged to provide it – i.e. a mutually of obligations.

"If the intern is doing work which is of value to the company this may also be a good indication that the intern is actually a worker and should be paid."

"These cases are very case specific but where there is a mutuality of obligations, someone is really providing value to the company and the internship is for quite a long period - say six months - there will probably be a higher chance that they will be a worker and therefore should be being paid."

According to Government regulations, employers do not have to pay the minimum wage if an internship only involves observing an employee and no work is carried out by the intern.

TUPE: Service Provision Changeover

13 September 2013

Can a single employee be an 'organised grouping'• whose 'principal purpose'• is the activity to transfer under a TUPE service provision changeover?

Yes, holds the Employment Appeal Tribunal (EAT) in Rynda v Rhijnsburger.

Following the government's recent decision not to remove the service provision change provisions, this case provides clarity.

Daniel Barnett's employment law bulletin has published the details.

The issue before the employment tribunal had been whether the Claimant had sufficient continuity of service to claim unfair dismissal. That depended upon her establishing an earlier TUPE transfer. Finding for the Claimant, the tribunal decided that the conditions in regulation 3 of TUPE 2006 had been satisfied and the EAT agreed.

Following a series of transfers, the Claimant's employment transferred to Rynda. Considering regulation 3, the tribunal held that the Claimant had been assigned to an organised grouping of employees (albeit that she was the sole employee in that grouping), that her 'principal purpose'• was to carry out the activities to be transferred 'immediately before the transfer'• and that it was not a temporary arrangement. Citing

Seawell Ltd v Ceva Freight UK Ltd and Eddie Stobart Ltd v Moreman, the EAT agreed with the tribunal that the Claimant's assignment to this activity had been a conscious decision of her employer and was not a matter of "happenstance".

Does a finding of gross misconduct make dismissal automatically fair?

17 September 2013

In the case of Brito-Babapulle v Ealing Hospital NHS Trust the court's decision confirms that a finding of gross misconduct will not inevitably make dismissal a reasonable response and therefore fair.

Pinsent Masons takes a look at this case in detail and explains what the outcome means for employers.

Background
A dismissal will be deemed fair if the employer can show that the reason (or principal reason) for the dismissal was one of five potentially fair reasons, and the tribunal finds that the employer acted reasonably in all the circumstances in treating that reason as a sufficient reason for dismissal.

One of the statutory five potentially fair reasons for dismissal is conduct, and the term "gross misconduct" is applied to the most serious types of misconduct, such as theft or violence, which are likely to warrant summary dismissal.

To establish that a dismissal on the grounds of conduct was fair, the employer must be able to show that at the time of dismissal it believed the employee to be guilty of the misconduct alleged; that it had reasonable grounds for that belief; and that in forming that belief it had carried out as much investigation as was reasonable in the circumstances.

Once the employer has established the reason for the dismissal, the tribunal must decide whether the employer's decision to dismiss the employee for that reason fell within the range of reasonable responses that a reasonable employer in those circumstances and in that business might have adopted.

In a recent case, the EAT considered the issue of whether a finding of gross misconduct makes a dismissal for that reason inevitably reasonable and fair - and held that it does not.

Brito-Babapulle v Ealing Hospital NHS Trust
Ms Brito-Babapulle (B) worked as a consultant for Ealing Hospital NHS Trust (the Trust) under a contract that permitted her to have private patients as well as NHS patients. Whilst certificated sick and receiving sick pay from her NHS employer she worked with her private patients. She was summarily dismissed for doing so. B brought a claim for unfair dismissal which the ET dismissed. The ET found that the Trust had undertaken a reasonable investigation and genuinely believed on reasonable grounds that B was guilty of the gross misconduct identified. The ET then concluded that "once gross misconduct is found, dismissal must always fall within the range of reasonable responses" and that the dismissal was therefore fair. B appealed to the EAT.

Decision
The EAT upheld B's appeal. The ET had been wrong to jump from a finding of gross misconduct to a conclusion that the dismissal was reasonable and therefore fair. The ET should have considered whether, though the misconduct was gross and dismissal almost inevitable, mitigating factors might mean that dismissal was not, in fact, reasonable. The ET should have considered whether factors such as long service, the consequences of dismissal and having a previously unblemished record may be relevant to the question of fairness. The EAT therefore remitted the case back to tribunal to consider this point.

What does this mean for employers?

This decision confirms that a finding of gross misconduct will not inevitably make dismissal a reasonable response and therefore fair - mitigating factors personal to the individual employee would still be relevant when deciding on an appropriate sanction.

However, the lay members of the EAT did emphasise that claiming sick pay whilst working elsewhere would, in general, be regarded very seriously by employers and that any substantiated case would almost inevitably lead to dismissal. What this decision makes clear is that this will not be an inevitable conclusion.

CJEU – Maternity and Paternity Leave

23 September 2013

Can a member state make provision to exclude an employed father of a child from entitlement to maternity leave and maternity benefit where the mother is not employed?

Yes, says the CJEU in Montull v INSS.

Daniel Barnett's employment law bulletin reports:

The Spanish national court referred a question to the European Court to ascertain whether Mr Montull was entitled to maternity leave and to receive maternity benefit in respect of the birth of his son. Spanish law provides for the suspension of the mother's contract of employment for a period of 16 weeks which includes a compulsory period of maternity leave of 6 weeks. The mother can return to work after this period and choose to allocate the remaining 10 weeks' leave to the father. Where both parents work the father is entitled to the leave.

In this case the father was employed but the mother was not employed. On the basis that the mother was not employed she did not enjoy any primary right to maternity leave and, therefore, there was no right to leave that could be transferred to the father of the child.

Redundancy and suitable alternative employment

25 September 2013

The Court of Appeal addressed the test for whether an employee was being reasonable in refusing what would appear to be a suitable alternative to redundancy and, in doing so, whether they forfeited the right to redundancy pay.

Daniel Barnett's employment law bulletin reports:

The Court of Appeal in the case of Devon Primary Care Trust v Redman addressed the test for whether an employee was being reasonable in refusing what would appear to be a suitable alternative to redundancy and, in doing so, whether they forfeited the right to redundancy pay.

It stated the test is not to "import" the band of reasonable responses test applied in unfair dismissal cases, but is instead consider "whether this particular employee in this particular situation acted reasonably in refusing the offer of employment".

Although this case reinforced a test that has been around a while, it will be of concern to employers where there is an incentive to redundancy over redeployment, such as NHS, local government, or where there is long service.

This decision seems to support the trend for employees having fairly subjective grounds for refusing alternative employment which will make restructures (particularly in the NHS and local government) more expensive and challenging than perhaps first thought.

Calculation of week's pay for compensatory award

27 September 2013

An employment appeal tribunal raises questions as to the proper calculation of a week's pay for the purposes of both the basic and compensatory awards following a finding of unfair dismissal.

Employment cases update looks at the case of Toni & Guys (St Paul's) Ltd v Georgiou:

Calculation of a week's pay for purposes of compensatory award for unfair dismissal can take into account factors which affected the rate of pay such as the employer's malicious actions in diverting business away from the employee. However, the basic award must be calculated strictly according to the set formula in ss 222 and 223 ERA 1996.

The claimant was found to have been unfairly dismissed and was entitled to a Basic and Compensatory Award. The EJ worked out her gross weekly pay by considering what she would have been paid if the respondent had not suspended her, blackened her name, caused her to lose the goodwill of her clients and diverted work away from her. The Basic award was calculated on this basis and the Compensatory Award was calculated using the netted down figure. The respondent appealed, saying that the Basic Award should be calculated using the definition of a week's pay as stated in ss 222 and 223 of the ERA and not according to a speculative exercise employed by the judge.

The EAT allowed the appeal in respect of the Basic Award but not the Compensatory Award – the ET has more discretion when making a Compensatory Award, since s123(1) ERA says that 'The amount of the compensatory award shall be such amount as the Tribunal considers just and equitable, having regard to the loss sustained by the complainant in consequence of the dismissal in so far as that loss is attributable to action taken by the employer'. However, there was no such discretion when working out the Basic Award.

Is an intended mother in a surrogacy arrangement entitled to maternity leave?

1 October 2013

Yes, according to the opinion of Advocate-General Kokott in Case C 167/12 - CD v ST.

Daniel Barnett's employment law bulletin reports:

The Claimant and her partner had a child via a surrogate mother. The Claimant started mothering and breastfeeding the child within an hour of the birth. The couple were granted a parental order. The Claimant lodged a claim with the employment tribunal after being denied paid maternity and adoption leave by her employer on the grounds that she did not give birth to or adopt the child.

Following a preliminary reference by the Employment Judge, the Advocate-General has suggested the CJEU should find that an intended mother has the right to receive maternity leave under the Pregnant Workers Directive 92/85/EC, even when she does not breastfeed the child. Compulsory leave of at least two weeks must be granted to both mothers. However, the concept of surrogacy cannot result in a doubling of the leave entitlement under the Directive. Four weeks of mandatory leave must be deducted from the 14 week minimum. The remaining 10 weeks should be divided between the women taking into account the legally protected interests of the Directive.

The CJEU normally, but not always, follows the opinion of the Advocate-General.

Permanent health insurance benefits and age discrimination

2 October 2013

Was stopping Permanent Health Insurance (PHI) benefits once an employee turned 55, age discrimination?

Yes, says an employment tribunal in Whitham v Capita Insurance Services.

Daniel Barnett's employment law bulletin has published the details.

Mr Witham had been in receipt of benefits from Capita under a PHI scheme arranged between Capita and an insurance provider. The payments stopped when he turned 55.

He had been denied the opportunity to join a more favourable PHI scheme arranged in 2002 which would have entitled him to receive PHI payments until he turned 65. The insurance company were not prepared to indemnify Capita in respect of PHI payments if the employee was not "actively at work" when applying to join. Mr Witham was then ill and in receipt of benefits under the original PHI scheme and therefore not eligible for the new scheme.

It was held by the employment tribunal that Capita had directly discriminated against Mr Witham because of age. Nor could this be justified as a proportionate means of achieving a legitimate aim. The employer stated that its legitimate aim was to admit as many employees into its pension and PHI schemes as possible within the constraints of the insurance company's conditions. But the tribunal did not accept that the employer had this as an aim, as the offer of PHI membership was selective; nor was stopping the PHI payment an appropriate and necessary means of achieving that purported aim. By ceasing to cover Mr Witham the employer had reduced the number of employees within the PHI scheme. This was hardly promoting its stated objective; and the employer's budgetary considerations in funding the PHI scheme were not to be taken into account.

Further, there was indirect age discrimination because the employer applied a provision, criterion or practice (the "actively at work" criterion) which put employees over a certain age at a particular disadvantage. For the same reason as applied in the direct discrimination claim, this also could not be justified.

Finally, on the facts of the case, the employment tribunal decided that Mr Witham had a contractual right to receive his PHI payments until the age of 65 because an earlier purported variation of employment terms and the policy entitlement was ineffective.

TUPE: service provision changeover

7 October 2013

Can work which was anticipated and regularly provided, but not contractually guaranteed, be part of a service provision change?

Yes, says the EAT, in Lorne Stewart plc v Hyde & Ors.

Daniel Barnett's Employment Law Bulletin summarises the case:

Carillion provided largely routine services to Cornwall County Council under a framework agreement, repairing and installing central heating and boilers. Alongside this, the Council could offer further higher value work, but were not obliged to do so and Carillion were not obliged to accept. In practice, Carillion did all of this work. Lorne Stewart took over the

contract, but argued that the two Claimants who carried out these services did not transfer, as they did not form part of the organised grouping of employees devoted to the routine work.

Upholding the employment tribunal's decision, HHJ Burke QC held that the lack of contractual commitment was not a relevant consideration. The focus must be on what was going on 'on the ground'. Following the principles in Enterprise Management Services v Connect-Up, both Claimants carried out work that was or was intended to be carried out by the new provider after the transfer. The existence of an organised grouping had been admitted, so both Claimants transferred.

Reasonable adjustments and paying for medical treatment

10 October 2013

Is it outside the scope of reasonable adjustments to require an employer to fund private medical treatment?

No according to the Employment Appeal tribunal (EAT) in Croft Vets Ltd v Butcher.

The Respondent was employed by the Appellants as a reception and finance manager. She suffered from work-related stress and severe depression. She resigned from her employment when the Appellants did not act on the recommendations made by the clinical psychiatrist to whom they referred her. The Employment Tribunal held her claims that the Appellants failed to make reasonable adjustments to be well-founded, that she was unfairly constructively dismissed and that her dismissal was an act of discrimination arising from disability.

The EAT dismissed the Appellants' appeal on liability (save for the finding that the dismissal was an act of discrimination arising from disability as that was not one of the agreed issues before the ET) and the appeal on remedies against the award of compensation. The EAT, inter alia, found that there was no error by the ET in identifying the relevant "provision, criterion or practice" (PCP); and the ET correctly found that the Appellants had not made reasonable adjustments by failing to pay for the Respondent to have private psychiatric services and counselling.

The issue was not the payment of private medical treatment in general, but, rather, payment for a specific form of support to enable the Respondent to return to work and cope with the difficulties she had been experiencing at work.

Employment Status

11 October 2013

Did an employment tribunal make an error in law when it determined that a low level of control exercised over workers precluded there being an employment relationship?

Yes, said the Court of Appeal in Troutbeck SA v White and Todd.

Daniel Barnett reports:

The parties had entered into an agreement to record their relationship which referred to "this employment agreement"• and had various references to being "employed"• . The agreement was terminated and a claim for unfair dismissal pursued.

The Court of Appeal held that the tribunal had wrongly treated the low level of actual day-to-day control by Troutbeck over the activities of the individuals as precluding an employment relationship when, viewed in the round, the relationship between the parties recorded in the

agreement in the setting of the surrounding circumstances presented the principal elements of employment. Additionally, there was a sufficient degree of control over the individuals to preclude them being independent contractors.

The Court of Appeal noted that both parties signed a document referring to "this employment agreement" and that was an expression of their intentions confirming the objective analysis of the legal position.

Constructive Dismissal: The Correct Test

14 October 2013

In order to successfully bring a claim for constructive dismissal, must the contractual breach by the employer be the principal reason for the employee's resignation?

No, says the EAT in Wright v North Ayrshire Council.

Daniel Barnett reports:

It is sufficient that the repudiatory breach "played a part in the dismissal" in accordance with CA authority in Nottingham County Council v Meikle.

The Claimant was a care at home assistant until she resigned. The first instance tribunal found, inter alia, that the Claimant's three grievances had not been properly answered. The EAT was satisfied that the tribunal considered the contractual breaches serious enough to constitute a repudiatory breach/es.

However, the tribunal dismissed the claim on the basis that the Claimant's caring responsibilities for her partner who had recently suffered a stroke were "the effective cause"• of her resignation rather than her employer's conduct, applying the EAT case *Jones v Sirl*.

The EAT ruled that the first instance tribunal misinterpreted the meaning of the "effective cause"• criterion as clarified by the CA in *Meikle* and the EAT case *Abbey Cars (West Horndon) Ltd v Ford*. Rather than being 'the' effective cause it is enough that the repudiatory breach was 'an' effective cause, with no requirement that it be the most important cause. The extent of the role played by the breach will be taken account of in calculating the compensation award.

Unfair Dismissal: Redundancy and reorganisation

25 October 2013

Can an employer consider a potentially redundant candidate for an alternative role fairly, if one candidate is aware of the full job description but the other is not?

No, according to the Employment Appeal Tribunal in Somerset CC v Chaloner.

Daniel Barnett's Employment law bulletin provides the detail:

When the Respondent suffered a downturn, it was proposed that four senior management posts be reduced to two vacancies, one being Business Development Manager ('BDM'). Based on the job description, the Claimant considered her role comparable to the vacancy and she applied.

Upon further review, the Respondent's finances were worse than initially thought and so the re-organisation was extended to other management, including the Finance Officer who

applied for the BDM role. The job description was revised to include additional financial responsibilities and the additional candidate was considered, but the Respondent omitted to inform the Claimant of either. The Claimant was unsuccessful at interview and dismissed.

The EAT concluded that the introduction of a competing candidate and an amended job description, both of which the Claimant was oblivious to, gave the Claimant's competition an unfair advantage at interview. As such, the Respondent failed to consider the Claimant in a fair manner and the dismissal was found to be unfair.

Court rules against employee who poached fellow employees for a competitor company

28 October 2013

In a recent case, the High Court held that an employee who orchestrated a team move to a competitor business had acted unlawfully, despite the absence of any post-termination restrictive covenants in his contract, or terms relating to confidential information.

Pinsent Masons discusses the particulars of the case and what the outcome means for employers. Follow the link below for full details.

Pinsent Masons Employment Briefing

Employee bonuses: avoidance scheme involving Restricted Securities

6 November 2013

HM Revenue and Customs has published information about an employee bonuses tax avoidance scheme involving Restricted Securities.

HMRC has won a tribunal involving an attempt to avoid tax and National Insurance contributions on employee bonuses. In LM Ferro Ltd v HMRC a bonus was paid in the form of an award of shares. The decision confirmed HMRC's view that these types of devices to avoid tax simply do not work - if you pay what is really a bonus, tax and National Insurance contributions are due no matter how it is dressed it up.

The scheme in LM Ferro was marketed by Powrie Appleby but similar avoidance schemes were marketed by other promoters. HMRC considers cash received by beneficiaries of awards in those schemes is also chargeable to Income Tax and National Insurance contributions.

HMRC expects those who used these schemes to make full payment of the tax and National Insurance contributions due, plus interest. Those companies and employees affected should contact HMRC to settle their liabilities and prevent additional interest accruing. You can contact HMRC on Telephone 03000 532624.

Penalties may be charged if you failed to take reasonable care when making returns to HMRC.

Surrogacy and maternity leave entitlement: UK say yes - Ireland say no

1 November 2013

We reported a case a few weeks ago about the entitlement to maternity leave for a woman who becomes a mother by surrogacy. Another case has since given an opposing opinion by the ECJ.

Natalie Gamble Associates, a specialist law firm, summarises:

The European Court of Justice has given conflicting opinions in two cases concerning whether European mothers through surrogacy should be entitled to maternity leave.

In the first case, the Advocate General (adviser to the court) said that a UK mother should be given maternity leave and that she should share her entitlement with her surrogate mother. The intended mother was employed at an NHS hospital and had a baby through surrogacy who she cared for – and breastfed – from birth, before she was granted a parental order by the UK family court giving her legal responsibility as a parent. The ECJ preliminary opinion was that she had been discriminated against under EU law by being denied maternity leave rights.

In the second case, from Ireland, a different Advocate General expressed a different view. In this case, a mother who worked as a teacher with a child born through surrogacy in California was not discriminated against by having been denied the right to maternity leave. The adviser to the court said that whether Ireland should extend the scope of maternity leave to cover mothers through surrogacy was a matter for the Irish Parliament.

The differences are on the face of it puzzling given the factual similarities between the cases, particularly with the opinions given virtually simultaneously. However, each case was argued under different parts of European anti-discrimination law, and there was a key difference in that Ireland does not allow for surrogacy, whereas UK law does.

UK law to change in 2015
As far as UK parents are concerned, the UK government has in any event recently announced its decision to extend maternity rights to parents through surrogacy, and is in the process of changing UK law through the Children and Families Bill. The new law is currently completing its passage through the House of Lords and is expected to come into force in 2015. UK law will then apply equal rights for parents through surrogacy, with both straight and gay couples permitted to claim paid time off work to take care of their new-born children.

In the meantime, and until the new UK legislation come into force in 2015, the ECJ opinion will give further support to any parents denied leave who wish to bring discrimination claims against their employers

Disability discrimination - reasonable adjustments

31 October 2013

Did an employer breach its duty to make reasonable adjustments by only offering a disabled employee reduced hours for a fixed period?

No, says the Employment Appeal Tribunal in Secretary of State for Work and Pensions v Higgins.

Daniel Barnett's employment law bulletin reports:

Higgins (H) was a long serving employee at the JobCentre Plus (JP) in Liverpool. Following a long sickness absence, H presented a GP "Fit Note"• , which recommended a phased return to work on altered hours for 3 months. H suggested a phased return over a period of up to 26 weeks, but JP proposed a Part-time Medical Grounds ("PTMG") plan for H to build up to his normal hours over 13 weeks. H did not accept this plan, and refused to return to work unless JP agreed to extend the PTMG. His request to extend the plan was refused and H was dismissed. He presented a claim on the grounds that JP had failed to make reasonable adjustments under Section 20(3) Equalities Act 2010.

The employment tribunal had held that by failing to consider an extension to the PTMG plan beyond 13 weeks, JP had breached its duty to make reasonable adjustments. JP appealed.

Allowing the appeal, the EAT found that the tribunal had incorrectly identified that the provision criteria or practice placing H at a substantial disadvantage was the requirement for him to work, whereas it should have been the requirement for him to work his contractual hours. Noting that employers are often presented with Fit Notes which last a certain duration, the EAT did not consider that it is always necessary for the employer to give an explicit guarantee to extend this period. If at the end of the agreed period, an employee continues to suffer a substantial disadvantage, then although the duty to make reasonable adjustments will still be applicable, it will be judged on the circumstances relevant at that particular time.

Courts decide when employees on short time working should get guarantee payments

1 November 2013

The Court of Appeal has looked at what is meant by an employee being "normally" required to work.

The CIPD (Chartered Institute of Personnel and Development) has written an interesting article regarding an employer's right to exercise options under the Employment Rights Act 1996 to lay off employees or put them on short-time working when there is a downturn in trading.

Employees on short-time working may be entitled to a guarantee payment (currently £24.20) for those days when they would normally work, but do not have work because their employer has imposed a temporary reduction in working hours.

In the case Abercrombie v AGA Rangemaster, recently heard at the Court of Appeal, the court considered, for the first time, when an employee being "normally" required to work occurs.

Facts
Abercrombie and his colleagues were hourly paid employees, contracted to work Monday to Friday. Due to poor trading, the employees entered into an agreement with the employer to reduce their working hours temporarily and to shorten their working week to Monday toThursday. The agreement, which allowed the employer to call its employees back to their full working hours on one week's notice, initially ran until 26 June 2009 but was subsequently extended to 31 December 2009.

The employees' trade union, the GMB, requested confirmation that the employees were entitled to guarantee payments for the Fridays they were no longer working. The employer denied that the employees had a right to guarantee payments on the basis that, under the new agreement, they did not "normally" work on Fridays. The trade union disagreed and issued tribunal proceedings.

Tribunals
The claims were initially dismissed by both the employment tribunal and the Employment Appeals Tribunal on the basis that a temporary change to an employee's contract did result in a change to the employee's "normal working hours". The Court of Appeal, however, overturned the earlier decisions and held in favour of Abercrombie and his colleagues.

Court of Appeal
The court distinguished this from previous cases where employers had permanently varied employees' working hours under their contracts of employment. The difference in this case was that the variation to the employees' contracts of employment was temporary and not permanent.

The court concluded that, due to its temporary and "abnormal" nature, the employees' express agreement to alter their normal working days did not preclude them from the right to guarantee payments. The court held that Fridays remained days on which Abercrombie and his colleagues were "normally contractually required to work" and they were, therefore, entitled to guarantee payments for those days without work.

Comment (CIPD)
While claims for guarantee payments are rare, employers that are considering reducing employees' weekly hours temporarily should be aware that they may, in fact, still be required to pay employees guarantee payments for any days they would normally have worked under their contracts of employment. Employees can currently claim up to a maximum of five guarantee payments in any three-month period.

Reasonable adjustments can include private psychiatric counselling

6 November 2013

An ET found that the employer had not made reasonable adjustments by failing to pay for the employee to have private psychiatric services and counselling.

The case of Croft Vets Ltd & Ors v Butcher is very interesting given the government's recent consultation on the provision of tax relief on medical expenditure. An Employment Tribunal found that an employer had not made reasonable adjustments by failing to pay for the employee to have private psychiatric services and counselling. The issue was not the payment of private medical treatment in general, but, rather, payment for a specific form of support to enable her to return to work and cope with the difficulties she had been experiencing at work.

Emplaw Online reports:

Mrs Butcher started work for the veterinary practice Croft Vets in 1996. Over time the practice expanded and she was promoted to finance and reception manager. In the period from 2007 to 2010 the practice opened a new hospital and acquired new phone and IT systems, both of which suffered the inevitable teething troubles, all of which Mrs Butcher had to manage on top of her existing responsibilities. Unsurprisingly, she was observed sitting in her office staring out of the window in tears shortly after returning to the office, following a week off, during which she had moved house. A few days later in May 2010 she went off sick with depression, never to return.

Her employers' initial response was to offer the choice between support to carry on with her existing workload or taking a lesser job at lower pay. After a few weeks, they asked her to see a consultant psychiatrist "*to allow us to consider whether there are any steps we can take now to facilitate your return to work*."

The psychiatrist reported back on 19 August that work related stress had triggered a severe depressive episode with marked anxiety. He recommended that as well as antidepressant medication she should have six further psychiatric sessions including CBT to help her recover. He gave an indication that the cost would not exceed £750. There ensued some correspondence between employer and psychiatrist which confirmed the diagnosis, and discussed how long she might remain unwell; no steps were taken to implement the psychiatric recommendations. In November 2010 Mrs Butcher resigned: she alleged that that her employers had caused her breakdown, questioned the psychiatrist's diagnosis, and ignored his recommendations, all of which meant that she had suffered disability discrimination. The final view of the psychiatrist, (given after her resignation) was that given specialist help, while it was difficult to predict how long she would be unwell, the average period for recovery would be a year, but that given the severity of the issues at work, there was only a 50/50 chance of her being able to return at all.

An Employment Tribunal held that the employer had imposed a “provision, criterion or practice” that she be able to get back to work and perform her essential duties, and that they had failed to make reasonable adjustments to enable to do so by failing to act on the medical advice they had received. Croft Vets appealed, largely unsuccessfully, to the EAT (Croft Vets Ltd & Ors v Butcher), who agreed that requiring her to be able to return to work was a PCP, and accepted that it was possible for payment for private psychiatric treatment to be a reasonable adjustment. An appeal against a finding of constructive dismissal did succeed because the allegation had never, in fact, been raised before the ET.

This case does not establish a general principle that employers must pay for private treatment, but in this case the payment was for: “*a specific form of support to enable the Claimant to return to work and cope with the difficulties she had been experiencing at work*”.

Extension of Time - Unfair Dismissal

14 November

If a Claimant asserts that he did not have mental capability to bring a claim in time, does a tribunal have jurisdiction to hear a claim brought as soon as the Claimant was able to, if it was brought outside of the time limit?

Yes, on the facts of this case, according to Norbert Dentressangle Logistics Limited v Mr Graham Hutton.

Daniel Barnett reports:

The Employment Judge concluded that it was not reasonably practicable for the Claimant to have presented the claim within the three month time limit. This was on the basis that the Claimant remained unwell and he was having significant difficulty as he explained it. The Employment Judge relied upon the Claimant's graphic description of his inability to function normally.

The Employment Judge then turned separately to look at the second question, that of whether the claim was brought within a reasonable time thereafter. It was the Claimant's position that he dealt with the claim as soon as he felt able. The Employment Judge had no reason to doubt the Claimant's credibility and accepted this.

The EAT concluded that it was reasonable for the Claimant to delay beyond the initial period, on the basis that it accepted this evidence.

Repayment Clause: Unenforceable Penalty?

15 November 2013

Can a tribunal consider whether a repayment clause is an unlawful penalty?

Yes, holds the EAT in Cleeve Link Ltd v Bryla.

Daniel Barnett’s Employment Law Bulletin summarises the case:

The employer had paid money for fees and air flight to the agency which recruited the employee from Poland. The employment contract stated that such fees and costs could be deducted from the employee's wages, on a sliding scale which reduced over time. The employee was summarily dismissed for gross misconduct 12 weeks into her employment, whilst the clause was still in effect. The employer set the fees off against outstanding salary, and she brought an unauthorised deductions claim.

The employer argued that the question of whether the deduction clause was enforceable was irrelevant to the statutory scheme under Part II of the Employment Rights Act 1996. On appeal, the EAT (HHJ Hand presiding) disagreed, stating that an employment tribunal's jurisdiction frequently involves the application of common-law contractual principles to situations where the cause of action is statutory.

The EAT also provided guidance as to when a repayment clause may be enforceable. The starting point is to look at the contract when it was entered into. Then the tribunal must decide, objectively, whether the purpose of the clause was to deter or to represent a genuine pre-estimate of loss. This question may involve a comparison between the amount stated in the clause and a realistic figure the employer might recover. If the difference is "extravagant"• or "unconscionable"• , the clause is likely to be unenforceable.

National minimum wage for sleepovers

14 November 2013

Is the national minimum wage payable to homecarers for the time that they are sleeping in client's homes?

Yes, sometimes said the Employment Appeal Tribunal in Whittlestone v BJP Home Support Ltd.

Daniel Barnett's Employment Law Bulletin summarises the case:

W was a care worker. She was paid £6.35 per hour for time spent attending to clients at their homes, but nothing for travel time. She also undertook "sleepovers", when she was required to be present at a client's home from 11pm to 7am, and for which she was paid £40. She was provided with a bed, and permitted to sleep except when her services were actually required. It was common ground that she was doing "time work" for the purposes of regulation 3 of the NMW Regulations 1999.

W was entitled to the NMW throughout the time she was required to be present, irrespective of whether she performed any tasks. She was also entitled to the NMW for her travel time between clients' homes.

TUPE liability

19 November 2013

Is a company administrator able to make dismissals for economic, technical or organisational reasons (ETO) and then sell the business on without passing TUPE liability for them to the purchaser?

Yes, if the reason for the dismissals was to enable the company in administration to continue to trade, holds the Court of Appeal in Crystal Palace FC Ltd v Kavanagh and others.

Daniel Barnett's Employment Law Bulletin summarises the case:

The employment tribunal had found that the reason dismissals were made by the football club's administrator was to continue trading the business, with an ultimate objective of selling it on to a purchaser waiting in the wings. It followed that the dismissals were made for ETO reasons so that liability did not pass to the club's purchaser. The EAT rejected that approach as contrary to Spaceright Europe Ltd v Baillavoine. It held that the administrator's admitted intention of selling the club on meant that the dismissals could not be made for ETO reasons. That meant that liability passed to the Club's purchaser.

The Court of Appeal finds that the EAT had been wrong to reverse the tribunal. Administrators “will almost always have a transfer of the undertaking as their ultimate objective” but that does not mean that the reason for dismissals made by them will always be to make the business more attractive to a purchaser. They can also be made to allow the business to carrying on trading. On the facts the dismissals at the Club had been made for that reason, so liability did not pass to the purchaser.

The case will be of considerable importance to insolvency professionals. It marks a partial retreat from Spaceright and a recognition (notably in the firm concurring judgment of Briggs LJ) of the importance of the wider policy objective of corporate rescue.

Court finds HMRC entitled to tax under dispute where taxpayer left it to HMRC to calculate the tax

21 November 2013

A taxpayer must perform a calculation of the amount of tax due itself, rather than leave that calculation to HMRC, in order to retain possession of funds under dispute, the Supreme Court has ruled.

Pinsent Masons discusses the ruling:

The ruling still leaves open the possibility that taxpayers engaged in avoidance can retain possession of the cash, and so benefit from cash flow advantages, if they carry out their own tax calculations, according to tax expert Jason Collins of Pinsent Masons.

"HMRC has for many years been taking steps to remove the ability for taxpayers to keep possession of the cash during a dispute about tax avoidance," he said. "As the disputes are lengthy, in some cases lasting a decade or more, even if the taxpayer has to pay the tax at the end of the process with statutory interest, the cash flow advantage of keeping possession of the cash in the meantime can of itself be quite attractive".

"The irony is that HMRC usually strings out its enquiries into avoidance: if it were to progress cases more quickly, it would not have to worry so much about the cash flow advantages. HMRC's latest guidance states that it will not delay in opening enquiries during the 12 month window, but that is only the start of it – the issue is how quickly the enquiry itself is progressed, which is often in the gift of HMRC itself," he said.

The taxpayer in this case, Maurice Cotter, filed his tax return for 2007/08 on 31 October 2008, without making any claim for loss relief and leaving HMRC to calculate his tax liability for that year. On 24 December, HMRC sent Cotter a tax calculation showing that he owed over £210,000 in income and capital gains (CGT) taxes. The following January, Cotter's accountants submitted a 'provisional' loss relief claim showing employment-related losses of £710,000 for 2008/09 and asserting that no further tax was due because of this.

HMRC opened an enquiry into the loss claim under the Taxes Management Act (TMA); however, it claimed the unpaid tax for 2007/08 through the county court, ignoring the loss claim that they were enquiring into. Cotter appealed on two grounds: firstly, that his loss for 2008/09 covered the amount owed for the previous year; and secondly, that the county court did not have the jurisdiction to hear the dispute.

In its judgment, the Supreme Court overturned an earlier decision by the Court of Appeal and found in favour of HMRC. As the loss claim for 2008/09 was not made 'in a return', the department was right to proceed to recovery through the courts. HMRC had argued that not allowing it to do so could expose it to the risk of "irrelevant claims" with no merit being made in tax return forms in order to postpone the payment of tax that would otherwise be payable.

"Where, as in this case, the taxpayer has included information in his tax return but has left it to the Revenue to calculate the tax which he is due to pay, I think that the Revenue is entitled to treat as irrelevant to that calculation information and claims, which clearly do not as a matter of law affect the tax chargeable and payable in the relevant year of assessment," said Lord Hodge in his leading judgment.

"Matters would have been different if the taxpayer had calculated his liability to income and capital gains tax by requesting and completing the tax calculation summary pages of the tax return. In such circumstances the Revenue would have his assessment that, as a result of the claim, specific sums or no sums were due as the tax chargeable and payable for 2007/08. Such information and self assessment would in my view fall within a 'return' under [the TMA] as it would be the taxpayer's assessment of his liability in respect of the relevant tax year," he said.

HMRC welcomed the "important" ruling, which it said could save the UK £500 million once the amount owed in around 200 similar cases was settled. However, tax expert Jason Collins described the verdict as "a deft bit of judicial engineering".

"Whilst a sizeable victory for HMRC in this case, it does leave open the possibility that taxpayers engaged in avoidance are still able to retain the possession of the cash if they carry out their own tax calculations," he said. "HMRC has in recent years consulted on amending its rules to take the 'cash flow advantage' away - including an aborted attempt to exact heavy penalties for failed planning. Whilst that initiative was put on the back burner, HMRC is now pushing to impose penalties if taxpayers do not give the cash back where related litigation goes against them at any stage of appeal in the courts and the scheme is ultimately found not to work."

"Perhaps HMRC might now be thinking that it would be simpler to build on this decision and overhaul all its collection rules to give it broader powers to collect payment or suspend a repayment wherever tax avoidance is alleged. If they were to do this, clear safeguards would need to be put in place to narrow the remit to cases of proper avoidance," he said.

Employment status when providing services through a limited company

26 November 2013

Is an individual who provides services to an end user through a limited company protected by the Equality Act 2010?

No, holds the EAT in Halawi v World Duty Free.

Daniel Barnett reports:

The EAT held that a contract personally to do work was required for the Equality Act to apply. On the facts, no contract had been entered into by Ms Halawi with either of the Respondents. Furthermore, an unfettered right of substitution existed, which Ms Halawi had exercised on occasion.

The Respondents' lack of control over Ms Halawi, and the absence of any direct evidence that she was economically dependent on them, also led the EAT to conclude that an employment relationship of subordination had not been established.

The EAT expressed its unease at the fact that Ms Halawi could have been subjected to discrimination and yet had no right to complain to the employment tribunal, but said that the legal tests had to be satisfied.

Dismissal: Telling the Employee

27 November 2013

If an employee's solicitor informs her of her dismissal a day before the employee reads a dismissal letter, is the effective date of termination the date that the solicitor tells her?

Yes, held the EAT in Robinson v Fairhill Medical Practice.

Daniel Barnett reports:

The Claimant did not attend a disciplinary hearing and was communicating with her employer through a solicitor due to illness. The employer emailed the solicitor on 6th July to inform her that the Claimant was to be summarily dismissed; the solicitor told the employee of the decision on 7th July; the employee read the dismissal letter on 8th July. At a pre-hearing review, an employment tribunal held that the effective date of termination was 7th July, so the claim for unfair dismissal was struck out as out of time as the claim was presented a day late on 7th October.

The EAT considered the Supreme Court's decision in *Gisda Cyf v Barratt,* that dismissal is effective when it is communicated to an employee or she has a reasonable opportunity to know of it, and held that communication of dismissal through a third party suffices, so, as the effective date of termination was 7th July, the Claimant's appeal failed.

However, the EAT did uphold the appeal against the decision to dismiss the Claimant's disability discrimination claim as out of time, noting that the fault of the Claimant's adviser ought not to be held against her as a factor on whether it was just and equitable to extend time. The EAT found that the time should be extended and substituted its own decision for that of the employment tribunal.

Unfair Dismissal: Ill-Health Absence

5 December 2013

What is the critical question to be decided in dismissals on grounds of ill-health?

"Whether any reasonable employer would have waited longer before dismissing the employee", says the Court of Session in BS v Dundee City Council.

Daniel Barnett's Employment Law Bulletin summarises the case:

The Court of Session stated that in a case where an employee has been absent from work for some time owing to sickness, the following issues would need to be specifically addressed:

- Whether the employer could be expected to wait any longer and, if so, for how much longer. Relevant factors could include whether the employee has exhausted her sick pay, whether the employer was able to call on temporary staff, and the size of the organisation.
- Whether the employee had been consulted with, whether her views had been taken into account, and whether such views had been properly balanced against the medical professional's opinion.
- Whether reasonable steps had been taken to discover the employee's medical condition and likely prognosis. It would not be necessary for the employer to pursue detailed medical examination as the decision to dismiss is not a medical question but a question to be answered in the light of the available medical advice.

The Court also pointed out that length of service is not automatically relevant. The important question is whether the length of service, and the manner in which the service was rendered during that period, yields inferences that indicate that the employee is likely to return to work as soon as she can.

First Tier Tribunal Judges loans to be income from employment

9 December 2013

Recent findings in a First Tier Tribunal when coupled with last week's Autumn Statement confirm the ongoing message that compliance measures and a clamp down on tax avoidance measures are very much a focus for HMRC.

The scheme had been marketed to independent contractors as a remuneration package which would save them substantial amounts of income tax and national insurance contributions.

The First-tier Tribunal dismissed all the arguments put forward during the appeal against HM Revenue and Customs' (HMRC's) assessments by the contractor **Philip Boyle.** The judge found that the loans were "*in substance and reality income from his employment, bearing in mind in particular that Mr Boyle had no need for a loan, there was an entirely artificial exchange rate; the reality is that there was no borrowing by Mr Boyle and he never believed that the 'loans' were other than a means of receiving his income without suffering tax on that income*".

The judge also decided that the loans were not genuine: "*No evidence has been provided at any stage during HMRC's lengthy investigation of the scheme, despite many requests for such evidence, to show that the foreign currency ever existed.*"

David Gauke, Exchequer Secretary to the Treasury, said:

"I am delighted the tax tribunal threw out this contrived scheme, designed to avoid tax.

"The unprecedented package of counter-avoidance measures announced in the Autumn Statement, combined with HMRC's record of winning over 80 per cent of all avoidance cases taken to court, shows the writing is on the wall for the minority who are prepared to use marketed tax avoidance schemes to get around the rules."

It has been calculated that this ruling against an income tax avoidance scheme is expected to protect up to £400 million in tax that would otherwise not have been paid.

It has been reported that approximately 15,000 people used schemes similar to that used in this case, where contractors receive "loans" as a form of payment. Of the 348 users of this scheme, 226 have settled with HMRC and paid approximately £5 million. HMRC is continuing to pursue others.

CJEU ruling: Holiday pay must include commission

13 December 2013

Should commission be taken into account when calculating holiday pay?

Yes, according to the opinion of Advocate-General Bot in the CJEU (Court of Justice of the European Union) in ZJR Lock v British Gas.

Daniel Barnett's Employment Law Bulletin summarises the case:

The worker was a salesman whose pay consisted of two elements, basic pay and commission. His commission was based on sales achieved, and fluctuated from month to month. He was on annual leave for two weeks over Christmas 2011 and he was not able to make any sales during this period. When calculating his holiday pay, his employer took only his basic pay into account.

Applying Williams v British Airways, A-G Bot recommended the court find that, as commission is intrinsically linked to the performance of the tasks the worker is required to carry out under his contract of employment, it must necessarily be taken into account in calculating holiday pay. He also recommended that it should be left for national courts to decide on the mechanism for determining the appropriate amount of commission to include.

A-G Bot made his ruling having expressly considered the decision of the Court of Appeal in Evans v Malley Organisation, in which it was held that commission does not need to be taken into account when calculating holiday pay. If the Advocate-General's opinion is followed by the CJEU, which it normally is, it would appear that Evans should no longer be followed.

Disability Discrimination: Knowledge of Disability

7 January 2014

Can an employer rely only on an Occupational Health Report when deciding whether an employee is disabled?

No, held the Court of Appeal in Gallop v Newport City Council.

Daniel Barnett's Employment Law Bulletin summarises the case:

An employer's duty to make reasonable adjustments for a disabled employee only arises where the employer knows or is reasonably expected to know that the employee is suffering from a disability and, as a result, is likely to be placed at a substantial disadvantage.

Assessing whether an employee is disabled can be problematic, particularly in a case of mental illness. In this case, decided under the previous Disability Discrimination Act 1995, Mr Gallop was suffering from depression brought on by work related stress. Following the findings of an Occupational Health Report, stating that Mr Gallop's medical condition did not meet the legal definition of disability, he was dismissed by the council in 2008. Whilst his claim for unfair dismissal was successful, his claim for disability discrimination failed both in the employment tribunal and the EAT, where it was decided that in view of the findings of the Occupational Health Report, the employer did not know that the employee was disabled.

Overturning the decision of the EAT, the Court of Appeal stated that although an employer should correctly seek assistance and guidance from an Occupational Health Report or other medical expertise, it is for the employer to make a factual judgment as to whether or not the employee is disabled and cannot simply "rubber stamp" an external opinion.

Employment Status: Workers

8 January 2014

Is a person who is unequivocally classified in his written contract as being in business on his own account incapable of being a worker for the purposes of the Working Time Regulations 1998?

Not necessarily, held the Employment Appeal Tribunal (EAT) in Boss Projects LLP v Bragg.

Daniel Barnett's Employment Law Bulletin summarises the case:

The Claimant was engaged as a scaffolding supervisor under a chain of contracts whereby the contractor (Mears) contracted with another company (Potensis) for the provision of subcontractors. Potensis in turn contracted with the Respondent (Boss) for the provision of individuals. Payment was made down the chain to Boss, who in turn paid the Claimant.

The Claimant's contract with Boss described the Claimant as a 'subcontractor' and 'in business on his own account'. It gave absolute discretion to substitute or delegate his workload or hire assistants for which he was solely financially responsible. It permitted the undertaking of other work before, after or concurrently with work for Boss. It explicitly provided no entitlement to holiday or sick pay and rendered the Claimant liable for his own tax and national insurance.

Mr Justice Mitting (sitting alone) found contractual terms, however watertight, do not provide a complete or reliable definition of the nature of the relationship between the parties to a contract.

The EAT continued to conclude the Claimant could not have been expected to have read every page and, in the circumstances, the tribunal was right to look to substance as well as form. He concluded the substitution clause was never intended to be used by either party and observed the Claimant brought none of his own tools to the job. As such, despite express contractual provision otherwise, the Claimant was a worker.

Discrimination: Dismissal after end of maternity period

12 March 2014

Does dismissal for absences due to post-natal depression arising after maternity leave amount to sex and/or pregnancy and maternity discrimination under s.13 or s. 18 of the Equality Act 2010?

No, held the EAT in Lyons v DWP JobCentre Plus.

Daniel Barnett's Employment Law Bulletin summarises the case:

By being dismissed, the Claimant was treated unfairly for a pregnancy-related illness. However, unfavourable treatment only amounts to discrimination under s.18 of the Equality Act 2010 if it occurs between the beginning of pregnancy and the end of maternity leave (the protected period). As the Claimant was dismissed after the protected period her claim under s.18 failed.

The Claimant's claim for direct sex discrimination under s.13 of the Equality Act 2010 also failed. Following the ECJ case of Brown v Rentokil, the EAT held that if a woman suffers a pregnancy-related illness which extends beyond the period of her maternity leave, the employer is entitled to take into account the period of absence after the maternity leave and compare that period with any period of sickness of a man.

European court ruling: Receiving surrogate mother not entitled to maternity leave

24 March 2014

Does a commissioning mother in a surrogacy arrangement fall within the scope of the Pregnant Workers Directive, particularly where she has breastfed the child following birth?

No, according to the opinion of the Court of Justice of the European Union (CJEU).

Daniel Barnett's Employment Law Bulletin summarises the Case C 167/12 CD v ST.

The Claimant, Ms D, and her partner had a child via a surrogate mother. The Claimant started mothering and breastfeeding the child within an hour of the birth. The couple were granted a parental order. The Claimant lodged a claim with the Employment Tribunal after being denied paid maternity and adoption leave by her employer on the grounds that she did not give birth to or adopt the child.

Following a preliminary reference by the Employment Judge, Advocate-General Kokott suggested the Court should find that a commissioning mother has the right to receive maternity leave under the Directive, even when she does not breastfeed the child.

However, the Court has held that although maternity leave is intended to protect the special relationship between a woman and her child, the grant of maternity leave pursuant to the Directive presupposes that a worker has actually been pregnant and given birth to a child.

The Court also found that an employer's refusal to provide maternity leave to a commissioning mother does not constitute discrimination on the grounds of sex contrary to the Equal Treatment Directive.

CIPP comment
The court did say that member states were free to apply more favourable rules for the benefit of commissioning mothers; not unlike UK maternity, paternity and adoption pay where the employer can also apply more favourable terms than the statutory entitlement.

The Children and Families Act 2014 was recently approved by Parliament and from 2015 intended parents in surrogacy arrangements in the UK will also qualify for adoption leave and pay.

Equal Pay

25 March 2014

In equal pay cases does a Limited Liability Partnership (LLP) qualify as an 'associated employer' under s1(6) of the Equal Pay Act 1970 (now the Equality Act 2010) for the purpose of identifying a comparator employed by a different entity?

Daniel Barnett's Employment Law Bulletin summarises a recent case.

The Court of Session in Glasgow City Council v Unison looked at an outsource by Glasgow City Council, whereby services for parking enforcement and direct care services (care, cleaning, catering and related services) were transferred into LLPs set up to operate those outsourced services and the women who transferred wanted to rely upon male comparators still employed by Glasgow council.

The court accepted that LLPs were companies in the broader sense (rather than the narrower Companies Act 2006 definition) and could be considered an associated employer on that basis.

Employers who deal in any outsourcing model (particularly where equal pay claims have been more common in recent years such as local authorities) need to be diligent to avoid inadvertently assuming large financial liability for latent equal pay claims that may have arisen outside of their knowledge and control.

Implied Terms and Redundancy Payments

27 March 2014

Can the consistent practice of an employer calculating redundancy payments without the statutory caps convert into a contractual right for future practice?

Yes, held the EAT in Peacock Stores v Peregrine.

With thanks to Daniel Barnett's employment law bulletin which summarises the facts of the case:

The employer had routinely paid redundancy pay to staff in accordance with the statutory redundancy scheme, except for the statutory caps relating to length of service and the amount of weekly pay being disapplied.

The burden of proof fell on the claimant to show that there was a contractual entitlement to the uncapped payments, which was a question of fact. The former head of HR's evidence was accepted, that calculation of redundancy payment in the above manner was ""most definitely custom and practice"• .

The Judge concluded that "there was 'a consistently applied and well understood policy of enhanced redundancy payments' and 'it is probable that remained the situation until 2002 when Mr Thomas was made redundant'"• . There was no evidence to the contrary.

Once the position was reached that a contractual right to an uncapped redundancy payment was to be implied by custom and practice, a departure from that term by the employer would represent a breach.

Expenses and Benefits

Advisory Fuel Rates

ADVISORY FUEL RATES AS FROM 1 MARCH 2013

26 February 2013

HMRC has published the advisory fuel rates for company cars to operate as from 1 March 2013.

Since March 2011 rates have been reviewed four times a year and HMRC website holds details of the latest Advisory Fuel Rates along with links to rates dating back to 2002.

Employers are advised to review the latest available data in February, May, August and November each year.

Engine size	Petrol	LPG
1400cc or less	15p	10p (11p)
1401cc to 2000cc	18p	12p(13p)
Over 2000cc	26p	18p (18p)

Engine size	Diesel
1600cc or less	13p
1601cc to 2000cc	15p
Over 2000cc	18p

ADVISORY FUEL RATES AS FROM 1 JUNE 2013

28 May 2013

HMRC has published the advisory fuel rates for company cars to operate as from 1 June 2013.

Since March 2011 rates have been reviewed four times a year and HMRC website holds details of the latest Advisory Fuel Rates along with links to rates dating back to 2002.

Employers are advised to review the latest available data in February, May, August and November each year.

Engine size	Petrol	LPG
1400cc or less	15p	10p
1401cc to 2000cc	17p	12p
Over 2000cc	25p	18p

Engine size	Diesel
1600cc or less	12p
1601cc to 2000cc	14p
Over 2000cc	18p

Hybrid cars are treated as either petrol or diesel cars for this purpose.

These rates are calculated from the fuel prices in the tables below:

Petrol

Engine size (cc)	Mean MPG	Applied MPG	Fuel price (per litre)	Fuel price (per gallon)	Pence per mile	AFR
up to 1400	49.07	41.7	133.2	605.4	14.5	15
1401 - 2000	41.17	35.0	133.2	605.4	17.3	17
over 2000	28.41	24.1	133.2	605.4	25.1	25

Diesel

Engine size (cc)	Mean MPG	Applied MPG	Fuel price (per litre)	Fuel price (per gallon)	Pence per mile	AFR
Up to 1600	61.28	52.1	138.4	629.3	12.1	12
1601 to 2000	51.53	43.8	138.4	629.3	14.4	14
Over 2000	42.03	35.7	138.4	629.3	17.6	18

LPG

Engine size (cc)	Mean MPG	Applied MPG	Fuel price (per litre)	Fuel price (per gallon)	Pence per mile	AFR
up to 1400	39.3	33.4	74.4	338.2	10.1	10
1401 - 2000	32.9	28.0	74.4	338.2	12.1	12
over 2000	22.7	19.3	74.4	338.2	17.5	18

Advisory Fuel Rates for Company Cars from 1 September 2013

29 August 2013

HMRC have issued details of the latest Advisory Fuel Rates for Company Cars. The rates can apply to all journeys made on or after 1st September 2013 until further notice. (June rates shown in brackets where there has been a change).

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.

Employers are advised to review the latest available data in February, May, August and November each year.

Engine size	Petrol	LPG
1400cc or less	15p	10p
1401cc to 2000cc	18p (17p)	11p (12p)
Over 2000cc	26p (25p)	16p (18p)

Engine size	Diesel
1600cc or less	12p
1601cc to 2000cc	15p (14p)
Over 2000cc	18p

Hybrid cars are treated as petrol cars for this purpose.

Follow this link for details on how the rates are calculated

Advisory Fuel Rates for Company Cars from 1 December 2013

28 November 2013

HMRC have issued details of the latest Advisory Fuel Rates for Company Cars.

The rates can apply to all journeys made on or after 1st December 2013 until further notice. (September rates shown in brackets where there has been a change).

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.

Employers are advised to review the latest available data in February, May, August and November each year.

Engine size	Petrol	LPG
1400cc or less	14p (15p)	9p (10p)
1401cc to 2000cc	16p (18p)	11p
Over 2000cc	24p (26p)	16p

Engine size	Diesel

1600cc or less	12p
1601cc to 2000cc	14p (15p)
Over 2000cc	17p (18p)

Hybrid cars are treated as petrol cars for this purpose.

Follow this link for details on how the rates are calculated

Advisory Fuel Rates for Company Cars from 1 March 2014

3 March 2014

HMRC have issued details of the latest Advisory Fuel Rates for Company Cars.

The rates can apply to all journeys made on or after 1st March 2014 until further notice. (December rates shown in brackets where there has been a change, but only one for this quarter).

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.

Employers are advised to review the latest available data in February, May, August and November each year.

Engine size	Petrol	LPG
1400cc or less	14p	9p
1401cc to 2000cc	16p	11p
Over 2000cc	24p	17p (16p)

Engine size	Diesel
1600cc or less	12p
1601cc to 2000cc	14p
Over 2000cc	17p

Hybrid cars are treated as petrol cars for this purpose.

Follow this link for details on how the rates are calculated

Company Cars

COMPANY CAR AND CAR FUEL BENEFIT CALCULATOR UPDATED

10 January 2013

The HMRC Car & Benefit Calculator has now been updated to take account of changes to be brought in for 2013/2014.

If you wish to use the Car & Benefit Calculator it is now updated, however as a summary reminder of known forthcoming changes to the Car Benefit rules please be aware that:

Changes from 2013-14

- The lower threshold will be reduced from 120g/km to 115g/km.

- The lowest appropriate percentages are still 0 per cent and 5 per cent. 10 per cent will now apply to cars with CO2 emissions of 76g/km to 94g/km.
- The appropriate percentage will increase by 1 per cent for all vehicles with CO2 emissions between 95g/km and 215g/km, to a maximum of 35 per cent.

Changes from 2014-15

- The lower threshold will be reduced from 115g/km to 110g/km.
- The lowest appropriate percentages are still 0 per cent and 5 percent. 11 per cent will now apply to cars with CO2 emissions of 76g/km to 94g/km.
- The appropriate percentage will increase by 1 per cent for all vehicles with CO2 emissions between 95g/km and 210g/km, to a maximum of 35 per cent.

Changes from 2015-16

- The appropriate percentage for zero emission cars reverts to 9 per cent unless this figure is changed in any future announcement.
- The special rules for cars with CO2 emissions not exceeding exactly 75g/km will be abolished.

Company car and van fuel benefit for 2014/15

16 December 2013

The Van benefit and Car and Van Fuel Benefit Order 2013 has been published confirming the increase in figures used to calculate cash equivalents of the taxable benefits provided to employees and directors with company vehicles.

The Van benefit and Car and Van Fuel Benefit Order 2013 comes into force on 31 December 2013 and has effect for the tax year 2014-15 and subsequent tax years.

Car fuel - calculating the cash equivalent: the figure will increase from £21,100 to **£21,700**.

Van fuel - calculating the cash equivalent: the figure will increase from £564 to **£581**.

Cash equivalent of the benefit of a van: the figure will increase from £3,000 to **£3,090**.

HMRC Company car and car fuel benefit calculator

13 January 2014

The calculator has been updated to include calculations for 2014 to 2015.

When a company car is made available for the private use of an employee a 'benefit in kind' value is calculated in relation to the car, and the fuel if that is also provided for private use.

This calculator:

- allows you to calculate the 'benefit in kind' value of a company car and, if appropriate the car fuel benefit
- provides an indication of the Income Tax you would be liable to pay for the provision of company car and car fuel benefit.

The calculator allows calculations for the years:

- 2009 to 2010
- 2010 to 2011
- 2011 to 2012

- 2012 to 2013
- 2013 to 2014
- 2014 to 2015

Full details are available on HMRC's website, including forthcoming changes to thresholds, percentages and rules.

General Expenses & Benefits News

LIST 3 UPDATED

15 March 2013

HMRC has updated the list professional bodies and learned societies, approved by HM Revenue & Customs (HMRC) for the purposes of Section 344 ITEPA 2003.

The list is updated periodically and includes all bodies approved by the Commissioners for HMRC up to 28 February 2013. It shows:

- professional bodies and learned societies, approved by HM Revenue & Customs (HMRC) for the purposes of Section 344 ITEPA 2003 (formerly S201 ICTA 1988)
- details of statutory fees or contributions allowable for earlier years 2003-04 onwards are within S343 ITEPA 2003 (for earlier years S201(2) ICTA 1988)

You may recall the CIPP requested HMRC update this list to reflect the Institute's change of name due to its Chartered status; this has now been added.

HMRC – NEW EXPENSES AND BENEFITS ONLINE FORMS

9 April 2013

HM Revenue & Customs (HMRC) have started to provide employers and agents with an additional method for reporting end-of-year expenses and benefits.

Initially employers will only have two forms that can be sent online:

- No return of Class 1A National Insurance contributions - used to report that no P11Ds or P11D(b) are due

- Notification of payrolled benefits - used to notify HMRC in advance that they will be sending P11Ds online that include all expenses and benefits provided to employees that have been fully payrolled

Online end of year Expenses and Benefits forms is an HMRC produced web-based set of forms that should be most useful for small to medium sized employers when submitting their employees' expenses and benefits information online.

Initially there will be just two new online forms available - with the equivalent two forms for agents to use on behalf of their clients. In time more online forms will be developed, so it's very much a case of watch this page.

Employers who currently use HMRC's Basic PAYE Tools to run payroll will need to consider alternative methods for completing end of year forms - P11D, P9D and P11D(b) - as the tools will not provide this facility from 2012-13 onwards.

2012-13 FORMS P11D(B) AND PAYSLIPS – RTI PILOT EMPLOYERS TAKE TIMELY ACTION

19 April 2013

HMRC has confirmed via the Employer Bulletin (issue 44) that the forms P11D9b) and payslips, will not be sent out at the normal time to employers who volunteered to use RTI during 2012-13.

The Return of Class 1A National Insurance contributions – forms P11D(b) and payslips, which are normally sent out to employers in April, will not be sent out to employers who volunteered to join the RTI Pilot during 2012-13 until early July. It is anticipated that they will be dispatched 2 July which will mean that they are unlikely to arrive in time for the 6 July filing deadline.

The good news is that you don't have to wait to for this arrival, but can indeed take action and download a copy of the form P11D(b) from the HMRC website.

EMPLOYER SUPPORTED LOCAL BUS SERVICES

30 April 2013

In a recent update HMRC clarify guidance on Employer provided local bus services.

Details can be found in the form of frequently asked questions, on the subject of Employer-supported local bus services.

CORRECTION TO CWG2 EMPLOYER FURTHER GUIDE TO PAYE & NIC (2013)

17 May 2013

If you routinely download the CWG2 Employer Further Guide to PAYE & NICs be aware that you will need to replace a page due to a correction.

A correction has been made to page 67 of the CWG2 (2013) 'Childcare Vouchers' information within the P9D/P11D chart.

CIPP SURVEY WORLDWIDE SUBSISTENCE RATES (WWSR) REVIEW

5 June 2013

The CIPP policy team have put together a brief survey and would very much appreciate you sharing your experience of WWSR

HMRC are in the process of reviewing the Worldwide Subsistence Rates (WWSR) table published on their website, to aid this process, the CIPP policy team have put together a brief survey and would very much appreciate you sharing your experience of WWSR with us.

HMRC are looking to present the table in a format that is easier to use and more cost effective to maintain, but without losing the overall value of the product to employers or other users. HMRC would also like to bring the rates for overseas travel more into line with their benchmark rates for domestic travel.

HMRC still want the product to be useful to employers, and are therefore grateful for feedback from its users. The Survey should take no more than 5 minutes to complete and the closing date is midnight on the 30 June 2013. Thank you

SUBMITTING PAPER P11DS AND S336 CLAIMS

12 June 2013

HM Revenue & Customs have produced an update to provide contact details of the centralised process that is now in operation for paper forms P11D and P11D(b).

The processing of paper forms P11D and P11D(b) has now been centralised and will be dealt with throughout the year by the National Insurance Contributions and Employer Office (NIC&EO) in Longbenton.

NIC&EO will process paper forms P11D and P11D(b) for the 2012-13 and earlier tax years, as well as amendments to forms P11D and P11D(b) for all tax years. Employers and agents should post them to:

HM Revenue & Customs (NIC&EO)
Room BP2101
Lindisfarne House
Benton Park View
Longbenton
Newcastle upon Tyne
NE98 1ZZ

S336 claims

The submission of a S336 claim is normally the responsibility of the individual but where a S336 claim is submitted by an employer (on behalf of an employee) and attached to an original paper P11D, the S336 claim and the P11D form should be submitted to the NIC&EO office (as detailed above). On receipt, HM Revenue & Customs (HMRC) will keep the S336 claim attached to the P11D to make sure the two are processed at the same time.

Where a S336 claim is being submitted separately on a form P87, form P810 or in letter format (not attached to an original P11D), irrespective of when the claim is submitted it should be sent, with the envelope marked clearly 'S336 claim' to the following address:

HM Revenue & Customs
Pay As You Earn
PO Box 1970
Liverpool
L75 1WX

EXPENSES AND BENEFITS ONLINE DELAY

19 JUNE 2013

HMRC has updated their Expenses and Benefits online forms web page with the news that there will be a delay to the new online service.

They report that "*Due to technical difficulties the new online service will not go live on 19 June as previously planned. We are working to resolve these issues and we apologise for any inconvenience caused. Further updates will be provided here.*

CONSULTATION ON THE IMPLEMENTATION OF A TAX EXEMPTION FOR EMPLOYER EXPENDITURE ON HEALTH-RELATED INTERVENTIONS

21 June 2013

On 20 March 2013 the Chancellor of the Exchequer announced that employers that help their employees to return to work after periods of sickness will get new support through the tax system. The recommendation is that expenditure by employers on medical treatment and vocational rehabilitation targeted at keeping sick employees in work, or speeding their return to work, should attract tax relief.

The government feels that a general tax relief for medical expenditure would be too broad and intends to introduce a new targeted tax exemption to apply where the new service recommends health-related interventions to help an employee return to work. Where an employer funds such interventions, the expenditure, up to a cap of £500, will be exempt from income tax and National Insurance Contributions (NICs).

The £500 cap will apply per employee over a complete tax year. It will be valid for more than one health-related intervention recommended by the new service, subject to the overall annual limit.

Any expenditure over the £500 cap will, as now, be classed as payment of earnings or a benefit-in-kind, depending on the type of expenditure, and will be subject to the appropriate deduction of income tax or reporting on form P11D, and either Class 1 or Class 1A NICs.

The government has now published a consultation document seeking views on the implementation of this exemption. The CIPP Policy Team has been seeking clarification about how this exemption would be applied since it was announced back in March. We welcome, therefore the publication of this consultation document which we will study before publishing a survey to collect your views in the very near future.

HMRC EXPENSES & BENEFITS ONLINE SERVICE

24 June 2013

HMRC has now unveiled the complete set of online forms available for employers and agents to use to submit end of year expenses and benefits information for 2012-13 onwards.

The online service began its release back in April with the release of two forms:

- 'No Return of Class 1A National Insurance contributions' - used to report that no P11Ds or P11D(b) are due and
- 'Notification of payrolled benefits' - used to notify HMRC in advance that they will be sending P11Ds online that include all expenses and benefits provided to employees that have been fully payrolled

From this month (June 2013) the online forms available have been extended to make available:

- P11D and P9D - used to report expenses and benefits paid to employees
- P11D(b) - used to report to HMRC the amount of Class 1A National Insurance contributions due on these expenses and benefits
- Creation of amended forms P11D, P9D and P11D(b)
- Creation of forms P11D and P11D(b) for those expenses and benefits that have been part payrolled

For amendments to P11D, P9D and P11D(b) and for expenses and benefits that are part payrolled, the forms for 2012-13 will have to be printed and posted to HMRC. HMRC does plan to enable electronic submission of these forms from 2013-14.

Please note that to use the new suite of forms, you must have a Government Gateway User ID and a password.

HMRC EXPENSES & BENEFITS ONLINE SERVICE - UPDATE

25 June 2013

It appears as though some members experienced difficulty opening a message that was posted on our news page yesterday (24 June 2013), advising that HMRC has now made available their new tool for submitting forms P11D online. We are re-publishing this message to ensure all members are aware that the online form P11D is now available.

HMRC UPDATE FOR RTI PILOT EMPLOYERS ABOUT P11D(B) REMINDERS

1 July 2013

HMRC would normally look to send an email notification to employers who previously filed their form P11D(b) online to remind them to file their current form. However for employers who were part of the RTI Pilot this is not possible.

This year, instead of sending an email reminder HMRC will be sending affected employers paper P11D(b)s as a reminder, together with their P30B(CL1A Inter) payslip. HMRC has issued a reminder which can be read at the HMRC website.

EXPENSES AND BENEFITS ONLINE SERVICE UNAVAILABILITY

1 July 2013

At the moment and much to the frustration of affected members the Expenses & Benefits Online service is reported as being unavailable and has been experiencing issues which HMRC are working to resolve.

It has been reported that the service should be available again from 1 July but also be aware that important information has been made available by HMRC for employers who are still hoping to use this service.

PENALTIES ARISING FROM THE DELAYED LAUNCH OF THE EXPENSES AND BENEFITS ONLINE SERVICE

8 July 2013

In recent weeks we have published several messages about HMRC's new Expenses and Benefits Online service, the most recent being the unavailability of the service.

There has been widespread concern about the difficulty some employers will have meeting the filing deadlines for P11D, P9D and P11D(b) due to the delayed launch and subsequent unavailability of these online tools.

HMRC has now announced that whilst they have no power to extend filing deadlines, they accept that the delay in issuing the i-forms on this occasion is a reasonable excuse for employers who:

- would have filed using the i-form on time but were prevented from doing so; and
- file by 4th August 2013.

Employers who have been held up by the i-form problems should submit their forms by 4th August. If they do this but are issued with a penalty they should write to the address below and explain that they would have filed on time but were prevented from doing so by the problems with the i-form.

Provided HMRC are satisfied, the penalties will then be cancelled. HMRC do not recommend that employers contact them before they have successfully filed their forms, and HMRC will not be able to cancel the penalties over the phone.

Customer Operations Employer Office
BP4009
Chillingham House
Benton Park View
Newcastle Upon Tyne
NE98 1ZZ

CIPP SURVEY – TAX RELIEF FOR EMPLOYER EXPENDITURE ON HEALTH-RELATED INTERVENTIONS

15 July 2013

On 20 March 2013 the Chancellor of the Exchequer announced that employers helping their employees to return to work after periods of sickness will get new support through the tax system.

In 2014 the government will be introducing a Health and Work Assessment and Advisory Service that will conduct a health assessment when an individual has been on sick leave for four weeks, and provide advice on how they can return to work.

The proposal is that employer expenditure on medical treatment and vocational rehabilitation targeted at keeping sick employees in work, or speeding their return to work, should attract tax relief. The government says that this will be brought about by a new targeted tax exemption to apply where the new service recommends health-related interventions to help an employee return to work. When an employer funds such interventions, the expenditure, up to a cap of £500, will be exempt from income tax and National Insurance contributions (NICs).

The government wants to make the exemption simple to administer, to encourage employers to engage with the well-being of their employees and fund treatment to help them return to work after a period of ill-health.

Under current rules, an employer who arranges and pays directly for health-care for an employee is providing a benefit in kind on which the employee will be liable to income tax and the employer will pay Class 1A NICs. Alternatively, if an employer either reimburses an employee's expenditure or pays a bill incurred by an employee, this is treated as a payment of earnings on which the employee is liable to income tax and employee Class 1 NICs, and the employer will pay Class 1 employer NICs.

Under the new relief, there will be no need to report any employer expenditure up to a cap of £500 per employee per year on a health-related intervention recommended by the new Health and Work Assessment and Advisory Service. Any amount over the cap will, as now, be either a benefit in kind or payment of earnings and subject to income tax and NICs as appropriate.

HM Treasury has issued a consultation to understand the impact this will have on employers. The CIPP Policy Team has created a survey based on the content of this consultation document and would be grateful if you could spare around 10 minutes to give your views.

The survey will close on 7 August 2013. Thank you for your help.

CIPP RESPONSE TO HM TREASURY CONSULTATION ON TAX EXEMPTIONS FOR MEDICAL EXPENDITURE

14 August 2013

The CIPP policy team would like to thank those members who completed our survey about the potential impact on administrative burdens of the proposed tax exemption on employer expenditure on health-related interventions.

The government wants to make this exemption simple to administer so it will encourage employers to engage with the well-being of their employees and fund treatment to help them back to work after a period of ill-health. However, the responses to our survey show that member opinion is mixed on whether the proposed tax exemption will reduce or increase the admin burden for employers. What is clear however, is that respondents feel that this measure is unlikely to encourage employers to pay for any health-related interventions. The opinion of those who responded is that those who already provide such interventions will continue to do so, and those who do not are unlikely to start.

The full response is available to CIPP members on our website.

UPDATED LIST 3

16 July 2013

The list of professional bodies and learned societies approved by HMRC for the purposes of Section 344 ITEPA 2003 (Deduction for fees and subscriptions paid to professional bodies or learned societies) has been updated. The list includes all bodies approved by the Commissioners for HMRC up to 31 July.

A REMINDER ABOUT THE NEW ONLINE END OF YEAR EXPENSES AND BENEFITS SERVICE

18 July 2013

HMRC has issued a reminder that employers who have been unable to submit forms P11D, P11D(b) and P9D due to problems with the new online service should now submit their forms as soon as possible. If you do this before 4 August 2013 but are then issued with a penalty notice you should write to HMRC and appeal, explaining that you tried to file on time but experienced problems with the new online service.

Write to HMRC at:

Customer Operations Employer Office
Room BP4009
Chillingham House
Benton Park View
Newcastle Upon Tyne
NE98 1ZZ

If HMRC are satisfied you experienced problems with the new service and you file your forms before 4 August 2013, the penalties will then be cancelled but only after your written request has been received. HMRC cannot cancel penalty notices over the telephone. Once you have successfully filed your forms, remember to wait until a penalty is received before contacting HMRC.

HMRC CLARIFY RTI REPORTING GUIDANCE FOR PAYE SCHEMES ONLY OPEN TO ENABLE EMPLOYERS TO SEND IN FORMS P11D

29 July 2013

There has been uncertainty recently regarding the reporting requirements of those PAYE schemes where there are no payments made to employees but need to remain open so that forms P11D can be submitted.

HMRC has now clarified that these schemes should continue to remain open under RTI. Employers do not need to send an FPS if no payments are made to employees or directors. However, the employer must submit an EPS to indicate that 'no employees were paid in this tax month'.

An EPS can be submitted to anticipate up to 6 months ahead. At the year end, employers must submit an EPS to indicate that this is their 'Final submission for the tax year' and answer the end of year declarations and questions.

If there is an existing PAYE scheme and payments are made to employees or directors, then employers must submit an FPS to report the details of all employees paid, no matter how much they are paid. This includes those earning below the Lower Earnings Limit (LEL), or those paid just once a year.

You can view the full guidance on non-standard PAYE schemes on HMRC's website.

The CIPP and the AAT joint survey on the OTS interim report on benefits in kind

30 August 2013

Have your say in shaping the future of the benefits in kind system.

The Office of Tax Simplification (OTS) has published a review of employee benefits and expenses: interim report. This report is intended to be a summary of findings from the OTS research into this substantial subject.

The report identifies some of the main issues and would like feedback on the OTS's "Big Picture" issues contained within the report, and also on the "quick wins" identified. The report outlines that these are not final recommendations or solutions but are there to highlight at this stage.

The Chartered Institute of Payroll Professionals (CIPP) and the Association of Accounting Technicians (AAT) are working jointly to obtain the views from the payroll profession and the accountancy profession. We would therefore appreciate it if you could spare 20 minutes of your time (excluding any reading) to complete this survey.

There is a short timescale for collecting the results as both organisations would like to provide feedback to the OTS to aid any discussions in the next couple of months. The survey has, where possible, explained the thought process around the questions, but we would recommend respondents take the time to review the interim report prior to completing the survey. The survey will close at the end of business, Tuesday 10 September 2013.

Thank you in advance for your time and input.

CIPP and AAT joint response to the OTS employee benefits and expenses interim report

3 October 2013

The CIPP and AAT have submitted a joint formal response to the recently published 'Review of employee benefits and expenses: interim report' by the OTS, which confirms both organisations support the OTS recommendations.

The CIPP and the AAT surveyed their prospective members to obtain views on the quick wins and future recommendations by the OTS (Office of Tax Simplification) in respect of employee benefits in kind. Both the AAT and the CIPP support the OTS recommendations. Encouragingly so does the Exchequer Secretary to the Treasury (XST), David Gauke, as he states in a recent letter to the OTS requesting they continue with their work and report further in the New Year. The full CIPP and AAT joint response can be accessed through the link on the CIPP website.

Mayor of London proposing salary sacrifice season tickets to assist commuters

9 October 2013

It would appear from one of Boris Johnston's columns in the Telegraph that a recent experience on a London double decker bus has prompted him to propose the use of salary sacrifice to reduce travel costs for workers.

Boris Johnson has written a piece in his Telegraph column after a shopping trip into London where he travelled by double decker bus. He observed that *"Almost 40 per cent of the compliment are travelling free or at cut price; the pensioners with their freedom passes, the kids, the veterans, the disabled, those in search of work*…"

He goes on to say, *"the result is that the entire burden of fare paying is carried by the 60 per cent and that includes the people who make this country work, the people on low or moderate incomes who travel large distances every day to their places of employment and who have absolutely no choice in the matter."* Boris concludes, *"It is time we did something about it and that something is to give tax relief on travel."*

He suggests that a scheme comparable to the current Child Care Voucher or Cycle to Work scheme should be introduced whereby the employer would buy the season ticket and deduct the cost from the employee's pay before the pay is assessed for tax, aka a salary sacrifice arrangement. He also suggests that the new scheme would all be administered online to keep costs down and that the relief would only apply at basic rate.

CIPP comment
The CIPP supports salary sacrifice as the schemes are beneficial to both the employer and the employee through tax and NI savings. The recent OTS Expenses and Benefits Interim report highlighted a lack of understanding and/or resource of salary sacrifice in the SME sector and coupled with the fact that salary sacrifice schemes are not operated by all businesses, would the commuters who really need these savings actually benefit? Under current rules employers can offer interest free beneficial loans of up to £5,000 pa for season tickets but this is a post-tax arrangement. As announced in the year's Budget, this amount is due to be increased to £10,000 from April 2014.

At this stage this is only a proposal that has been put forward to the Chancellor. The CIPP would expect formal consultation to take place before any decision is made. We will of course keep our ears to the ground on this one and keep members duly informed.

OTS progress report on 'Quick Wins' from employee benefits and expenses review

25 October 2013

A progress report has been published on the 'quick wins' identified in the Office of Tax Simplification (OTS) interim report which includes voluntary payrolling of benefits in place of reporting benefits on forms P11D.

These 'quick wins' are proposals that the OTS consider can be done quickly and easily and which would involve minimal change but would make the tax system (particularly administrative aspects) simpler for businesses and their employees in relation to benefits and expenses.

The '**quick wins' have been** categorised into four areas:

- already implemented;
- should be implemented as soon as possible;
- will require further work before they can be put into effect (taking into account issues such as whether they will require legislative amendments or changes to HMRC or employer computer systems or processes); and
- some being taken forward by other routes.

Already implemented

Some of the quick wins suggested in the interim report have already been put into operation - the recommendations were based on what consultees told the OTS so suggests HMRC's communication of the items listed below could be improved.

- The ability for amended forms P11D and P11D(b) to be submitted online. HMRC has confirmed that it is now possible to submit P11D(b) online, and that this facility will be also available in relation to P11D for tax year 2013/14.

- Provision for the reimbursement of car fuel where the employee contributes by 6 July. This is already permitted, and is confirmed in HMRC guidance manuals (see EIM25660 and NIM16177).

- Providing new employers with a link to the relevant sections of the HMRC website when they first register, in order to raise awareness of the employee benefits and expenses issues that may be relevant to their business. HMRC has confirmed that new employers are sent a CD Rom which provides a link to the HMRC website. However, the OTS may look at additional ways of raising employer awareness of employee benefits and expenses as part of their wider review on HMRC administration.

- Allowing voluntary use of form P46(Car) when a car is replaced. HMRC has confirmed that it is already possible to submit this form online when a car is replaced.

Should be implemented soon

The OTS say that the following could and should be implemented within the next few months, subject to the availability of HMRC resources. These are:

- Voluntary payrolling of benefits in place of reporting benefits on forms P11D. HMRC has confirmed that it is already looking at this area, and as part of OTS's review of HMRC administration they will be working closely with HMRC to explore what gradual changes can be phased in, alongside any legislative changes that may be necessary, in order to achieve this.

- HMRC to publish a list of benefits which they consider to be trivial, presumably with limits on the amounts.

- HMRC to better publicise the guidance that it has available in relation to employee benefits and expenses, and improve the access and automatic links to relevant information - an issue that is relevant to several of the quick wins, specifically:
    - improving website guidance and cross-referencing generally, and keeping the "What's New" pages up to date;
    - improved general guidance on dispensations and PSAs, including the availability of PSAs for overseas employees and non-domiciles;
    - raising awareness that there is a list of standard items and conditions that will always qualify for dispensations (which appears at COG907120), and also raising awareness and availability of the online process for applying for dispensations;
    - improving guidance regarding the operation of the OT tax code in relation to termination payments, and the timing for issuing a P45; and
    - raising awareness that it is possible to voluntarily use form P46(Car) when a car is replaced and complete this online.

- HMRC to review the published list of employments where it is "customary" to get accommodation.

CIPP comment
As identified in our joint survey with the AAT, if payrolling were a voluntary option, the impact on an employee's tax affairs could be substantial. It leaves them exposed to the possibility of double taxation occurring if the employee moves between jobs and one employer payrolls benefits and the other does not. The CIPP and AAT both support this concern. However the CIPP does support the proposal that where voluntary payrolling of benefits is permitted that a P11D wouldn't be required.

View the full OTS progress report to read which 'quick wins' will require further work before they can be put into effect.

Tax exemptions for medical expenditure

12 December 2013

The government has published their response to the consultation on the implementation of a tax exemption for employer funded occupational health interventions.

In response to the consultation, the government has decided that the exemption will be made available on medical treatments recommended by any employer-arranged occupational health service as well as by the new Health and Work Service.

The government has also published draft legislation for the tax exemption for a period of technical consultation. This consultation will be open until 4 February 2014.

The policy team will be reviewing the draft legislation and will publish a survey shortly if deemed necessary.

List 3 updated

24 December 2013

The list of professional bodies and learned societies approved by HMRC for the purposes of Section 344 ITEPA 2003 (Deduction for fees and subscriptions paid to professional bodies or learned societies) has been updated.

The list shows:

- professional bodies and learned societies, approved by HM Revenue & Customs (HMRC) for the purposes of Section 344 ITEPA 2003 (formerly S201 ICTA 1988)
- details of statutory fees or contributions allowable for earlier years 2003-04 onwards are within S343 ITEPA 2003 (for earlier years S201(2) ICTA 1988).

The list includes all bodies approved by the Commissioners for HMRC up to 31 December 2013.

OTS review of employee benefits and expenses – second report

30 January 2014

A set of recommendations on how to simplify and streamline the complex system for reporting and taxing employee benefits and expenses has been set out in a report published today by the Office of Tax Simplification (OTS).

The report, which is looking to simplify benefits and expenses for four million employees and 300,000 employers, sets out a number of ways to make the reporting of expenses and benefits easier for both employee and employer. The report includes over 20 proposals to simplify the process, such as:

- Processing benefits through the payroll system, rather than having to submit a P11D (the form used to submit an employee benefit) directly to HMRC – this will reduce the burden on employers and make the reporting more accurate;
- Extending the PAYE Settlement Agreement (PSA) process to allow employers to deduct all tax due on benefits and expenses. Currently only certain expenses can be paid this way;
- A de-minimis limit for trivial expenses – anything under £50, the OTS suggests, will not need to be taxed;
- Clearer rules on the definitions of workplaces, ensuring employees only have one permanent place of work which is where they spend most of their time.

The OTS also sets out two areas for longer term study:

- Moving National Insurance Contributions (NICs) and income tax closer together, including harmonising definitions and modernising NIC calculations;
- A fundamental policy review as to what is and what isn't a taxable benefit, taking into account today's working practices.

John Whiting, Tax Director of the Office of Tax Simplification, said:

"We have listened to those that use the system – employers, agents and HM Revenue and Customs staff – and there is a lot of scope to simplify and streamline the current system. We can get some real simplification wins with some sensible changes to what counts as a benefit and how it is taxed, together with some modernising of the rules around travel and subsistence.

"We believe the recommendations we have made better reflects today's working practices. Our quick wins will help, but the bigger work will begin to fundamentally change the way benefits and expenses are reported, making it easier for everyone. There is a big target here: the 4.5 million P11Ds completed annually, which we think could be reduced by 90 per cent or more."

The report builds on an interim OTS report published last summer which set out a series of quick wins. These included: streamlining the cycle to work scheme; aligning tax and NIC treatment of mileage rates over 45p; changes to HMRC forms; and, publishing a list of items that automatically qualify for a 'dispensation' (meaning no benefit will arise for employees).

The Policy team will be reviewing the '91 page' report and will provide a summary on the detail shortly.

Notifying HMRC if you payroll benefits

10 February 2014

If you payroll benefits in kind, a reminder that you should inform HMRC in advance using their online form 'Notification of Payrolled Benefits'.

With thanks to Mike Nicholas for raising with the policy team that HMRC's guidance appears to have been updated without notification. The following is what employers should do if they payroll benefits:

EMPLOYERS SHOULD inform HMRC in advance if they intend submitting a batch of P11D returns for employees who have had all their expenses and benefits taxed via the payroll. They should do this online using HMRC's online form Notification of Payrolled Benefits. If employers do not do this, their employees will be taxed twice.

The entries in the '1A' boxes in the P11D return normally make up the total value of all expenses and benefits liable to Class 1A NICs, which is then entered in the relevant box in P11D(b) return. However, for payrolled expenses and benefits where there is an 'amount made good or from which tax deducted' box, the entries in the '1A' boxes will not provide the correct value on which Class 1A NICs are payable. In these cases the employer will need to recalculate the total value of all expenses and benefits on which they are liable to pay Class 1A NICs, ensuring the actual amount of the expense or benefit included in payroll is used as opposed to the net 'cash equivalent' amount after payrolling has taken place.

There are separate online returns for employer and agent notification of payrolled benefits.

For further information, refer to HMRC guidance.

Beneficial loan arrangements - official rate of interest for 2014-15

13 February 2014

The Official Rate of interest, used to calculate the income tax charge on beneficial loans, has been announced for tax year 2014-15.

The new Official Rate of interest of 3.25% will take effect from 6 April 2014.

You can view the tables of average and actual official rates on HMRC's website.

No more paper receipt hoarding for UK business

31 March 2014

Investigation into HMRC's paper receipt policy has led to confirmation that UK businesses no longer need to keep hard copy receipts for employee expenses in storage for any reason, provided that electronic copies exist on their financial IT systems.

A Software Europe and CIPP (Chartered Institute for Payroll Professionals) investigation into HMRC's paper receipt policy has led to confirmation that UK businesses no longer need to keep hard copy receipts for employee expenses in storage for any reason, provided that electronic copies exist on their financial IT systems.

The announcement means that companies will save thousands in ongoing paper storage costs and personnel time as the process of recording and archiving paper copies of payroll and employee expense receipts for tax purposes can now officially cease. HMRC will not, it has confirmed, require paper as a back-up to electronically stored copies. Using an electronic expenses system to manage staff receipts for expenses such as mileage and subsistence is now recognised by HMRC as standard practice.

Software Europe, whose Expenses system is used by public and private sector companies to process expenses, including those of over 600,000 NHS staff in the UK, is now working with CIPP to educate finance teams on this important change.

Neil Everett CEO at Software Europe commented: *"After investigation and clarification with HMRC we can now confidently state that the paper copies of receipts for employee expenses do not need to be stored, providing the person fulfils their obligation to preserve the records. The basic rule is that a company must create and retain normal business records, but these records do not have to be kept in a set, i.e. hard copy way which for years is how businesses have been lead to believe it must be. Most bookkeeping and computer systems will meet the requirement providing that they contain all the necessary requirements for your invoices to be valid VAT invoices (if applicable). Notwithstanding CH13300 records can be kept electronically, so long as the method of storage is capable of capturing the information accurately. It goes without saying that our own Expenses product naturally fits this description, hence the reason we were seeking clarification for our customers in the first place. I'm sure they'll be very pleased to know they can say goodbye to the cost of storing all their paper receipts."*

Ian Hodson, Reward and Benefits Manager at The University of Lincoln and CIPP member commented, *"We are really interested in this confirmation from HMRC that paper receipts are no longer needed. We did not want to fall into a potential grey area without HMRC clarification that the VAT rules on receipts records also applied to employee expenses."*

Karen Thomson, Associate Director of Policy, Research, and Strategic Visibility at the CIPP commented, *"It's a relief to have some cast iron policy on paper receipts at last. Not storing or managing a huge quantity of physical documentation will save our members time and money. Working with Software Europe to raise awareness of the news, we intend to recommend electronic expense systems should become a much wider-adopted standard and, importantly, be trusted more to deliver what HMRC really needs.*

The CIPP is pleased to have worked with our member Ian Hodson from Lincoln University and online expenses provider Software Europe. For many years now online transactions have become the "norm" so it made sense for employers to want to remove paper from their systems including their expenses system. The CIPP has for a number of years scanned receipts and retained as the "original" receipt for claims without incidence.

I know of a number of employers that have moved to a complete paperless office including expenses; however it is always good to finally receive confirmation from HMRC that this is acceptable. So if the inspector wishes to see original receipts it will be very important to ensure he/she has access to your expenses system where the receipts are stored."

Car lease to be treated in the same way as company car

14 April 2014

Section 2.192 of the Budget 2014 confirmed two things about company cars, one as announced in the Autumn Statement and the other as a result of HMRC losing at Appeal in the Upper Tribunal in February 2014.

Where an employer leases a car to an employee, the benefit is taxed as a company car benefit rather than as employment earnings.

From April 2014 the government has repealed section 114(3) of the Income Tax (Earnings and Pensions) Act (ITEPA) 2003.

A tribunal HMRC v Apollo Fuels Limited and others, where the leasing of a car by an employer for some employees was contested by HMRC, is the ultimate reason for this change in legislation. The initial tribunal determined that the arrangements entered into by a group of companies to provide cars to their employees and to pay them mileage allowances did not give rise to any liability to tax. The Tribunal also overturned HMRC's assessment that National Insurance Contributions were payable in respect of the use of the cars provided and on the payments made in respect of mileage allowances.

Employees appealed
Because 'Apollo Fuels Ltd and Others' had formed the view that the provision of the cars was not a taxable benefit, they did not deduct the tax now alleged to be due from the employees' pay under the PAYE scheme or notify HMRC through a P11D that cars were being provided to the employees under the leases. HMRC, having concluded that the cars are subject to tax, served notices of assessment for that tax on the employees rather than on the Group, under section 29 of the Taxes Management Act 1970. It was the employees therefore who brought the appeal before the Tribunal in respect of the liability to tax on the car benefit.

After a somewhat lengthy investigation, the court decision in the appeal was the same as that of the First-tier Tribunal, albeit not for all the same reasons. You can read the summary of conclusions on page 24 of the case - HMRC v Apollo Fuels Limited and others.

Legislation has now been introduced to repeal section 114(3) ITEPA 2003, which will prevent a car benefit charge if the provision of a company car or van constitutes earnings from employment under any other provision. By repealing section 114(3) ITEPA 2003, it will allow HMRC to rely on the provision at section 64 ITEPA 2003, which ensures that the full amount of a car or van benefit is subject to tax, if an amount could be both earnings under section 62 ITEPA 2003 and treated as earnings under the benefits code.

Thus ensuring that where an employer leases a car to an employee, the benefit is taxed as a company car benefit rather than as employment earnings.

2014-15 will also see legislation being introduced to amend sections 144(1) and 158(1) ITEPA 2003, putting beyond doubt that payments for private use of a company car or van need to be made in the tax year in which private use was undertaken.

CIPP comment
The case of Apollo Fuels Limited and the resulting change to legislation serves as a timely reminder, if one were needed, that HMRC are tightening up on any measures that they view as examples of avoidance.

List 3 updated

9 April 2014

HMRC has updated the list professional bodies and learned societies, approved by HMRC for the purposes of Section 344 ITEPA 2003.

The list is updated periodically and includes all bodies approved by the Commissioners for HMRC up to 31 March 2014. It shows:

- professional bodies and learned societies, approved by HM Revenue & Customs (HMRC) for the purposes of Section 344 ITEPA 2003 (formerly S201 ICTA 1988)
- details of statutory fees or contributions allowable for earlier years 2003-04 onwards are within S343 ITEPA 2003 (for earlier years S201(2) ICTA 1988).

Overnight subsistence allowances paid to lorry drivers

16 April 2014

Following discussions with the Road Haulage Association, HMRC has announced that the lorry drivers' overnight subsistence allowance rate remains unchanged.

The rate is £26.20 for drivers with sleeper cabs and £34.90 for drivers with non-sleeper cabs. The Employment Income Manual will be updated accordingly.

Visit HMRC's website for full details

Tax-Free Childcare

HMT ANNOUNCES TAX FREE CHILDCARE FOR 2.5. MILLION WORKING FAMILIES

19 March 2013

HM Treasury has announced tax free childcare for many millions of working families; so what does this mean for payroll?

Well what it means for payroll is potentially the end of employer supported childcare through offering childcare vouchers and salary sacrifice. The government intends to consult in late spring on the detail of these plans and the CIPP will be involved.

The government will work with childcare providers and other third parties wishing to offer a service whereby the parents can elect to join a scheme directly and pay the providers in exchange for childcare vouchers. The nursery providers and or nanny agents may also decide to offer this service. This will then mean the providers will have a relationship with the government i.e. HMRC to receive the tax element back. The government proposes that a parent can, for each child have tax back on £1200 per annum so for example a parent contracts with a provider to pay £100 per month. Effectively they will pay £80pm and the provider will receive £20 from HMRC making the total £100.

This scheme is likely to come into force from April 2015, but it is expected those employers who currently offer a child care voucher scheme can continue to do so up until that date i.e. after April 2015 anyone in the scheme can remain in the scheme, but no-one will be permitted to join it after that date and instead would need to join the new scheme directly with a provider. This will mean the end of salary sacrifice for new entrants after 2015.

It is important to note, how the phasing out of the current employer supported schemes will happen, the rules around what and how the new scheme applies will be included in the consultation document expected later in the spring. The CIPP's policy team will keep you informed when we receive further information.

TAX FREE CHILDCARE CONSULTATION PUBLISHED

5 August 2013

Further to our News report back in March, the government has now published a consultation document seeking views on their plans to introduce Tax-Free Childcare for working families.

At Budget 2013 the government announced that it will introduce a new Tax-Free Childcare scheme for working families which will provide 20 per cent of working families' childcare costs, up to £1,200 for each child.

This consultation invites interested parties to comment on the detailed design and operation of Tax-Free Childcare. It sets out the eligibility criteria, the approach to managing voucher accounts for each child, the role of the market, and the key information and validation processes. It discusses the design of different aspects of these policies, and poses questions in those areas where stakeholders are likely to have knowledge or insight. The responses will feed into the final design of Tax-Free Childcare.

The CIPP's policy team will be working with relevant stakeholders to discuss the detail of the new system and to explore how the transition from Employer-Supported Childcare to Tax-Free Childcare can work best for employers. The Policy team will also be producing a survey in the coming weeks to gather member views on how the rules of the new scheme might apply. The consultation will run until 14 October.

CIPP survey: Tax-free Childcare - consultation on design and operation

12 September 2013

The CIPP policy team has put together a survey to gauge your responses to some of the questions from the Tax-Free Childcare - consultation on design and operation.

This is a meaty consultation document which is aimed at a wide range of stakeholders, the majority of whom will have more interest in its outcome than an employer or payroll professional who is considering their payroll administration. It covers 63 pages and includes six chapters with a total of 38 questions.

The employer and payroll professional is guided to Chapter 2 on voucher accounts (has 5 questions), Chapter 3 on eligibility for tax-free childcare (has 7 questions) and chapter 4 on information and validation (has 13 questions).

All stakeholders are encouraged to read as much as possible of the consultation document and whilst the Policy team have only selected questions for the survey that we believe will impact, albeit remotely, on employers, we would urge any member who currently operates an Employer Supported Childcare scheme or who intends to contribute to this survey, to read the entire document Tax-Free Childcare: consultation on design and operation.

Additionally if you would like to respond to any of the consultation questions that we have not included, space has been added to the end of our survey to allow you to include further comments.

HMRC have also put together a summary of the proposed design of the new scheme with a short series of questions specifically aimed at parents, if you are aware of any employees who you feel would value sharing their opinions, we would encourage you to pass the details on to them Tax-Free Consultation Parent Survey.

And finally, in addition to the consultation questions, we have also posed some follow up questions, aimed at gauging your early thoughts about these proposals. We would

appreciate your responses, but as ever, feel free to skip any questions that you consider to be irrelevant to you.

If you have additional comments or thoughts, please email them to Samantha Mann.

The survey will close on 29 September 2013.

Thank you for taking time out of your busy day to respond to this survey.

Tax-Free Childcare consultation – short survey

17 September 2013

The government has published a short survey aimed at employers who provide childcare vouchers to their employees.

As previously published the government is introducing a new Tax-Free Childcare scheme for working families which will provide 20 per cent of working families' childcare costs, up to £1,200 for each child.

The government has developed a short online survey aimed at employers who provide childcare vouchers to their employees, to help inform the design of this new scheme.

The survey asks questions on the costs of the current voucher system and for views on the transitional period when over time Tax-Free Childcare will replace the current Employer Supported Childcare scheme.

The survey will take no more than five minutes to complete and all responses will be treated as anonymous.

For clarity there are now three short government surveys running for the Tax-Free Childcare consultation and a separate CIPP survey which we published last week – see below for details. Employers and payroll professionals – please complete both the first and second surveys as the questions are not the same.

1. Short survey - designed specifically **for employers who provide employer supported childcare** (closing date 14 October)

2. CIPP survey – relevant questions on Tax-Free Childcare **for employers and payroll professionals** (closing date 29 September)

3. Short survey - Tax-Free Childcare questionnaire designed specifically **for parents** (closing date 27 September)

4. Short survey - Tax-Free Childcare questionnaire designed specifically **for childcare providers** and those who work within the childcare industry (closing date 14 October).

CIPP survey response: Tax-Free Childcare - consultation on design and operation

15 October 2013

The CIPP policy team has submitted its formal response to the consultation on the design and operation of the new Tax-Free Childcare scheme.

Background
At Budget 2013, the government announced the introduction of Tax-Free Childcare for working families whereby the government will provide 20 per cent of working families' childcare costs, subject to an annual limit of £1,200 contribution for each child. This is equivalent to basic rate tax relief of childcare costs up to £6,000 a year.

Under Tax-Free Childcare, parents will register with a voucher provider and open an online account. The government will then 'top up' payments into this account at a rate of 20p for every 80p that families pay in, subject to the above limit.

Households in which all parents work but do not receive support through tax credits (or Universal Credit) will be eligible for Tax-Free Childcare, so long as neither parent is an additional rate taxpayer.

Tax-Free Childcare will be delivered by HMRC and will ultimately be available to up to around 2.5 million working families in the UK – more than the current Employer-Supported Childcare system, which is only available to some employees. Employer-Supported Childcare will therefore be phased out, though existing members will be able to choose whether to remain on their current scheme or move to Tax-Free Childcare.

Tax-Free Childcare will be phased in from autumn 2015. From the first year of operation, all children up to age five – and disabled children under the age of 17 – will be eligible. The scheme will then build up over time to include children under 12.

CIPP response
The policy team has been involved in consultation meetings and our response includes anecdotal evidence as well as collective member views from the survey we distributed in September.

You can read our response in full through the link at the bottom of this page, but in summary we made the following **recommendations**:

Providing accurate guidance and information is critical to the success of this process. Tailored to the needs of the different stakeholders involved: employers, employees, voucher providers, childcare providers, professional advisers and the media; information should be delivered in a timely manner and be backed up by a range of support services provided by HM Revenue & Customs.

The online solution should be fully tested, and ideally made available, before the scheme goes live in autumn of 2015. This will avoid unnecessary and disruptive confusion for working parents who will inevitably turn to their employers for assistance.

The guidance should make very clear that it is not mandatory for employers to have a role in the new scheme.

We would ask you to recognise that employers who have sufficient resource will naturally look to help parent employees where they can. However, smaller employers or those who lack sufficient resource should not be 'confused' into providing support by misleading guidance.

On a final note, we noted that nowhere within any eligibility criteria is the requirement for the parent to be a tax payer and whilst we acknowledge that this might indeed put them within tax credits or universal credit thus making them ineligible it does strike us that the current name 'tax-free childcare' and terminology used might be confusing.

In our response we **concluded:**

The CIPP are delighted that there will be no mandatory role to play for the employer or payroll practitioner with the operation of Tax–Free Childcare. However, we do welcome government recognition of the vital role that employers and the payroll industry already play in the current operation of tax efficient Employer Supported Childcare schemes

We also welcome the proposal that the design of the Tax-Free Childcare scheme will have no impact on the existing rules around the provision of work place nurseries, which provides a measure of consistency for affected employers and we are grateful for that early confirmation.

Experience tells us that employees will turn to their employers, generally through the professionals that process their pay, on occasions when they are unclear about the tax and benefits system, so we also value the thought that has gone in to ensuring that employers, who wish to remain involved, can do so, but we are concerned that enthusiasm to keep the employer involved could easily result in confused guidance being issued to the employer community running the risk of diluting the non mandation message.

Thank you to those members (27) who took the time to respond to our survey. Members can read the full response to this consultation through our news pages.

Tax-Free Childcare – consultation outcome

19 March 2014

The government has published their consultation response to the design and operation of the new Tax-Free Childcare scheme due to launch in autumn 2015.

The Policy team will scrutinise the 87 page document and provide further comment shortly but in the interim the response includes the top ten things to know about the scheme:

1. **The scheme will launch in autumn 2015**

   You'll be able to open an online account, which you can pay into to cover the cost of childcare with a registered provider. This will be done through the government website, GOV.UK.

2. **For every 80p you or someone else pays in, the government will top up an extra 20p**

   This is equivalent of the tax most people pay - 20% - which gives the scheme its name, 'tax-free'. The government will top up the account with 20% of childcare costs up to a total of £10,000 - the equivalent of up to £2,000 support per child per year.

3. **The scheme will be available for children up to the age of 12**

   It will also be available for children with disabilities up to the age of 16, as their childcare costs can stay high throughout their teenage years.

4. **To qualify, parents will have to be in work, earning just over an average of £50 a week and not more than £150,000 per year**

   The scheme is designed to be flexible for parents if, for example, they want to get back to work after the birth of a child or work part-time.

5. **Any eligible working family can use the Tax-Free Childcare scheme - it doesn't rely on employers offering it**

Tax-Free Childcare doesn't rely on employers offering the scheme, unlike the current scheme Employer-Supported Childcare. Any working family can use the Tax-Free Childcare scheme, provided they meet the scheme's eligibility requirements.

6. **The scheme will also be available for parents who are self-employed**

   Self-employed parents will be able to get support with childcare costs in Tax-Free Childcare, unlike the current scheme (Employer-Supported Childcare) which is not available to self-employed parents. To support newly self-employed parents, the government is introducing a 'start-up' period. During this, self-employed parents won't have to earn the minimum income level, £50 a week.
   The scheme will also be available to parents on paid sick leave and paid and unpaid statutory maternity, paternity and adoption leave.

7. **If you currently receive Employer-Supported Childcare then you can continue to do so**

   You do not have to switch to Tax-Free Childcare if you do not wish to. Employer-Supported Childcare will continue to run. Parents won't be able to register for Employer-Supported Childcare after Tax-Free Childcare is introduced in autumn 2015, but those already registered by this date will be able to continue using it for as long as their employer offers it. However, Tax-Free Childcare will be open to more than twice as many parents as Employer-Supported Childcare.
   Employers' workplace nurseries won't be affected by the introduction of Tax-Free Childcare.

8. **Parents and others can pay money into their childcare account as and when they like**

   This gives you the flexibility to pay in more in some months, and less at other times. This means you can build up a balance in your account to use at times when you need more childcare than usual, for example, over the summer holidays.
   It's also not just the parents who can pay into the account - if grandparents, other family members or employers want to pay in, then they can.

9. **The process will be as simple as possible for parents**

   The process will be light-touch and as easy as possible for you. For example, parents won't have to report any change of circumstances to HMRC; there will be a single log-in service where parents can view accounts for all of their children at once.

10. **You'll be able to withdraw money from the account if you want to**

    If your circumstances change or you no longer want to pay into the account, then you'll be able to withdraw the money you have built up. If you do, the government will withdraw its corresponding contribution.

More information will become available ahead of the scheme being introduced so parents making childcare decisions are able to consider all their options.

HM Treasury's infographic explains how the scheme will run.

HMRC

General HMRC News

HMRC SINGLE BANK ACCOUNT FROM APRIL 2013

21 January 2013

As from April 2013 employers will be required to make payments to HMRC Cumbernauld Accounts Office only.

HMRC has confirmed that Employers who make a payment to HM Revenue & Customs (HMRC) by:

- Bacs Direct Credit
- Faster Payments by online/telephone banking
- CHAPS

From month one of the 2013-14 tax year payments should be made to the Accounts Office Cumbernauld account.

HMRC has started to send employers information about this change ready for 2013-14.

If this necessitates a change for you and where this data is usually embedded within your payment or payroll software you will need to contact your software supplier about obtaining and upgrade.

NO LONGER SELF EMPLOYED? DON'T FORGET TO TELL HMRC

4 April 2013

HMRC has an online system which can now be used to notify them that an individual is no longer self employed.

You'll need to provide your:

- email address
- name
- date of birth
- home or business address
- daytime telephone number

Depending on your circumstances you'll also need your:

- Ten-digit Unique Taxpayer Reference number if you have previously completed a Self Assessment return. You'll find this on letters or forms sent by HMRC about your tax return
- National Insurance number

As well as telling HMRC you've stopped trading, you'll also need to complete your tax return ensuring that you enter the date you stopped being self-employed in the self-employment section.

If you are registered for VAT, an employer or CIS contractor, or a CIS subcontractor you'll also need to tell HMRC separately and guidance is available for each of these situations.

ESC CONCESSION A19 REVIEW - SUMMARY OF RESPONSES

9 April 2013

HMRC has published a summary of responses submitted during the consultation, carried out between 3 July – 24 September 2012, which looked to gain views on the proposed revised version of ESC A19.

In summary, HMRC has recognised that whilst the proposed changes to ESC A19 looked to bring about both clarity and objectivity, responses received during the consultation suggest

that a more consistent application of the current form of ESC A19 would be a more desirable solution.

To achieve this aim HMRC has recognised that it needs to develop its guidance in applying the current text of this concession, along with improving training for HMRC staff. Both of which, if applied successfully, should bring about clarity and consistency on the application of Extra Statutory Concession A19.

The Summary of Responses can be downloaded at HMRC website.

HMRC INCREASING TAX YIELD FROM THE UK WEALTHIEST

23 April 2013

HMRC has revealed news of an increase of a 10 percent increase in yield from some of the UK's wealthiest individuals.

HMRC's High Net Worth Unit (HNWU) – which deals with the tax affairs of 5,800 people with assets in excess of £20 million – increased its yield from tax enquiries by 10 per cent in the 2012/13 tax year, having collected £200 million in 2011/12.

The unit has increased its revenues from the UK's richest taxpayers every year since it was established in 2009, raising a total of £665 million in additional tax over the last four years. This revenue is in addition to the taxes HMRC normally collects from this group of wealthy individuals and is the result of enquiries.

Exchequer Secretary to the Treasury, David Gauke, said:

"HMRC's High Net Worth Unit provides the specialist attention they require in ensuring the wealthy pay the tax they owe. This Government has reinvested almost £1 billion in HMRC and expects them to deliver almost £22 billion in 2014-15.

"Since 2010, the unit has raised £582 million, increasing its revenue year on year which, at a time when the Government is focused on reducing the deficit, is delivering real results for the country."

HNWU Head, Martin Randall, said:

"The tax affairs of the richest people in the country can be complex as they have large tax bills, and that's why we've focused resources on getting their tax right.

"The majority of the wealthiest taxpayers play by the rules, paying the right tax at the right time, but we take action against the minority who don't."

DEAR HMRC I AM WRITING THIS LETTER TODAY BECAUSE…

2 May 2013

If you dread the thought of writing to HMRC, due to the often lengthy delay in reply, you might be interested to hear of some work being carried out by the Working Together group.

The Working Together Post Working Group set up a pilot exercise to encourage the use of signpost headings on letters that agents send to HM Revenue & Customs (HMRC) regarding their clients' Self Assessment and PAYE affairs.

The heading, where used, should help HMRC to identify 'broadly' the subject content of the letter and therefore decided whether specific technical input is required – the aim being to speed up processing times.

As you might imagine common themes to post have been identified and as a result HMRC has produced two lists which they hope will prove helpful:

Primary level headings - which summarise the broad subject of the letter examples would include: Agent no longer acting; employer penalty appeal; complaints - the list is extensive.

Secondary level headings – which could be used where the subject matter is more specific or requires more technical input examples would include: Appeals – penalty appeals; surcharge appeals; share schemes.

HMRC is asking agents to use these headings when writing to them about clients' affairs. The lists are not exhaustive - and more headings may be added in the future.

You should send your letters to the address on the most recent correspondence from HMRC. If you don't have recent correspondence, you can find the addresses from the links below.

PAYE for individuals
Self Assessment
PAYE for employers

Letters must contain either your client's National Insurance number, Unique Taxpayer Reference or the employer's PAYE reference number.

HMRC will be providing updates on the success of this pilot through the Working Together (WT) Post Working Group and welcomes your feedback through your WT groups. Working Together activities are reported in the bi-monthly Agent Update.

PAYE TAX CALCULATIONS FOR 2012/2013

17 May 2013

It is that time of the year when HMRC begin to carry out the annual automated End of Year Reconciliation process to check whether customers in PAYE (Pay As You Earn) have paid the right amount of tax in 2012-13.

Approximately 85 per cent of HMRC customers under PAYE will have paid the correct amount but others may owe further amounts or be due a refund. In these cases HMRC will automatically send a tax calculation (on form P800) to demonstrate the details

It is expected that this automated process will be completed by October 2013, and there is no need to contact HMRC.

If you have:

- Paid too much tax, you will be sent a cheque, in most cases, within 14 working days from the receipt of a P800 Tax Calculation.
- Paid too little tax, the underpayment will in most cases be automatically collected through your 2014-15 annual tax code over 12 months. Where this is not possible, HMRC will write to you and let you know what options are available to pay the tax outstanding.

Further information on understanding and checking the P800 Tax Calculation can be found at the website of HMRC.

HMRC PUBLISH PERFORMANCE RECORD FOR 2012-13

20 May 2013

HMRC's performance report for 2012-13 announces record revenues, PAYE has been brought up to date, and customer service standards are at their highest levels since HMRC was formed in 2005. Read the full report.

DO YOUR CLIENTS KNOW TO USE THE CORRECT REFERENCES?

24 May 2013

You will have read the NOL item recently that highlighted the importance of using the correct reference when making a payment of PAYE remittances to HMRC, increasingly important as fewer employers are being issued with Payslip Booklets. But do your clients know?

By clients, we of course refer to paying clients of Payroll Bureau and Accountants, but we would broaden that definition to include colleagues in other departments, in this instance and in all probability Accounting or Finance?

We were recently reminded by a member about how much of our valuable time can be wasted when an incorrect reference has been used and a payment has been incorrectly allocated to the wrong tax period. So, just in case you didn't manage to pass on this valuable nugget of information last time, please be aware that HMRC do now provide an online reference checker.

HMRC references are a set length and are structured to be unique to each customer. For some taxes references are also unique for each period you are paying. The reference checkers for PAYE and Class1A NICs for both current and previous years can be found at the HMRC website.

Depressingly, and we hope that you or your clients won't have need to use this, there is also a Late payment penalty reference. This is different to that noted above because when you pay your PAYE late payment penalty you will need to give your PAYE late payment penalty reference number. This is different to the Accounts Office reference number that you use to pay your monthly or quarterly PAYE/ Class 1 NIC or CIS deductions and can be found on the penalty notice that HMRC sends to you.

HMRC CONSULT ON COMMUNITY AMATEUR SPORTS CLUBS (CASC)

5 June 2013

Following a review of the qualifying CASC conditions HMRC has opened first public consultation on the detailed rules that the Government proposes putting into secondary legislation.

The Consultation will run for 10 weeks, closing on 12 August 2013.

Annex A - A.9 of the consultation document confirms that whilst *"it has been suggested that HMRC should expand the Simplified PAYE Deduction Scheme to cover not-for-profit community-run member organisations where their employees' taxable earnings do not exceed £160 a week or £700 a month. There is no scope for extension here as HMRC is winding down the use of the simplified PAYE deduction scheme. CASCs will however benefit from the new £2,000 NICs employment allowance announced at Budget 2013."*

HMRC TO HOLD CASC CONSULTATION MEETINGS

19 June 2013

Following the launch of the consultation document *Community Amateur Sports Clubs,* HMRC are proposing to hold face to face meetings for interested stakeholders to express their views.

Two consultation meetings are provisionally scheduled for 16 July and 5 August and places will be allocated on a first come first serve basis. If you have a view on proposals detailed within the consultation document which aims to amend the qualifying conditions for Community Amateur Sports Clubs (CASC's), email your name, your telephone number and the date of meeting you which to attend to the Charity Policy Team via the relevant link.

CIPP SURVEY - HMRC PDF BOOKLETS, DO WE STILL NEED THEM?

25 June 2013

HMRC are looking at de-commissioning some of the booklets available; the CIPP would like your views.

HMRC are, as part of a wider digital strategy project looking at some of the booklets currently available as PDFs. They want to understand whether we as payroll professionals/employers still need them, use them or want them. The booklets being looked at currently include:

- E11 (starting the tax year)
- E13 RTI (Day to Day payroll)
- P49 (Paying someone for the first time)

The policy team would be grateful if you could spare 5 minutes to complete this survey and provide your views by 8 July 2013. The results of the survey will be published in a future edition of Payroll Professional and will be fed into HMRC.

Thank you in advance for your help.

SIGNING UP FOR EMAIL SUPPORT FROM HMRC

2 July 2013

HMRC has launched a new email service that business can sign up to in order to receive a series of tax related emails that aim to update them at specific times, the obvious example being when payments are due.

In an aim to help business establish good ‘tax habits’ from the start HMRC believe that it is worth spending a bit of time at the outset understanding what you need to do, when, and putting the right processes in place - it saves a lot of time and effort later on.

By using HMRC’s online tax registration service to inform them that you are registering for a business tax, you will be prompted to see if you would like to receive these emails.

PUBLICATION OF HMRC'S ANNUAL REPORT AND ACCOUNTS 2012-13, AND THE TAX ASSURANCE COMMISSIONER'S ANNUAL REPORT

4 July 2013

HMRC has published its Annual Report and Accounts for 2012-13 as well as the first Annual Report by the Tax Assurance Commissioner on how tax disputes were resolved during the same period.

Both reports explain in detail how HMRC has performed in key areas. The Annual Report and Accounts contains both high-level and detailed performance figures in what has been a strong year for HMRC in terms of additional revenues collected and progress on customer service standards.

Edward Troup, HMRC's Tax Assurance Commissioner, has also produced the first detailed report outlining HMRC's performance in resolving disputes with taxpayers between August 2012 and March 2013.

HMRC PUBLISH RESPONSES TO CONSULTATION ON HOW TO HELP THOSE WHO NEED EXTRA HELP

31 July 2013

HM Revenue & Customs have published a report which summarises the responses that they received for the consultation – 'Supporting customers who need extra help – a new approach'.

The consultation Supporting customers who need extra help - a new approach received a total of 457 responses and confirms that HMRC is now considering the issues raised and that they plan to hold a series of meetings with voluntary and community sector organisations along with representative bodies to discuss specific concerns.

It also confirms that the Pilot, which saw 13 enquiry centres close and customers in need of extra help transfer to telephony services via HMRC contact centres, will continue until 31 October 2013. A final decision will be made in early 2014.

In the meantime if you are an organisation representing people who may be affected by the changes and want to discuss these issues with HMRC before making they make their formal response, please get in touch with the lead official: Libby Martin, HM Revenue & Customs, 7th Floor East Spur, Euston Tower, 286 Euston Road, London, NW1 3UQ.

HMRC OFFER FREE WEBINARS FOR EMPLOYERS

29 August 2013

HMRC offer free employer webinars which include topics such as statutory sick pay, expenses and benefits and real time information.

Businesses can get individual help, support and advice from free HMRC webinars - interactive online seminars that you can attend without leaving your desk. HMRC offers a wide variety of pre-recorded webinars that are available to watch at any time.

Find out more about what HMRC has to offer small businesses.

New safeguards for debt collection visits

30 August 2013

HMRC has introduced a new Field Force Verification Helpline, so that a customer can easily check whether or not a caller on their doorstep claiming to be from HMRC is genuine.

HMRC has published the following guidance on their website:

Every year, HM Revenue & Customs (HMRC) has to visit a small number of customers who have not paid their tax or arranged to repay overpayments of tax credits, in order to collect the debt. Visits are undertaken by Debt Management and Banking's Field Force Collectors and can take place at a customer's home or business premises. Advance warning is always provided to a customer that a visit may take place if a debt is not paid.

However, when faced with an unknown caller on the doorstep, our customers may still be concerned. To provide a safeguard against bogus callers in these situations, HMRC has introduced a new Field Force Verification Helpline, so that a customer can easily check whether or not a caller on their doorstep claiming to be from HMRC is, in fact, genuine.

To access the helpline, customers should follow these simple steps:

- Ask to see the Collector's photo ID
- Make a note of the ID number on the photo ID
- call 0300 200 3862
- Provide HMRC with the ID number you've noted

Our operators will then be able to confirm to you whether or not your caller is genuinely an HMRC Collector.

To help to explain the purpose of the visit and the rights and responsibilities of customers, we have also produced a new leaflet. Every customer visited, from 13 August onwards, will be given a copy of this by the Collector on arrival at the customer's premises. This also includes the Field Force Verification Helpline number. The number is also listed at our website.

Field Force Verification Helpline

Tax rebate scam results in five arrests

3 September 2013

Five men have been arrested and are accused of setting up false self-assessment accounts from June 2012 with the aim of stealing half a million in tax rebates.

In a BBC News report HMRC said that its online systems proved extremely resilient to these attacks and that they correctly identified and prevented the vast majority of false repayment attempts from the outset.

HMRC said its investigators had worked closely with their counterparts in Italy to secure his arrest.

The five men were arrested in London, at Stansted airport and in Chatham, Kent. One has been charged with cheating the Revenue and four have been bailed. The individual who was charged was detained at Stansted on Saturday afternoon after getting off a flight from Italy.

HMRC said in the report, *"These arrests clearly demonstrate that we can, and will, apprehend those suspected of attempting to cheat UK taxpayers by defrauding HMRC, with international assistance if necessary."*

CIPP comment

Many members over the last few years have reported suspicious tax rebate emails to the CIPP and we have always reiterated HMRC's advice about reporting any suspicion of fraud, however minor it may seem.

Online fraud is rife and last year alone saw 80,000 scam emails reported to HMRC**.**

HMRC does not email customers about tax refunds - they only ever contact customers who are genuinely due tax back in writing, by post.

As a reminder to help you stay safe online, HMRC recommends the following:

- Check the advice published at www.hmrc.gov.uk/security/index.htm where they can see if the email received is listed
- Forward suspicious emails to HMRC at phishing@hmrc.gsi.gov.uk and then delete it from your computer/mail account
- Do not click on websites or links contained in suspicious emails or open attachments
- Follow advice from www.getsafeonline.co.uk
- Anyone who has answered one of these emails should forward the email and disclosed details to security.custcon@hmrc.gsi.gov.uk.

If you have reason to believe that you have been the victim of an email scam, report the matter to your bank/card issuer as soon as possible. If in doubt please check with HMRC at HMRC fraud attempts.

If you suspect customs or excise fraud or tax evasion you can let HMRC know online, anonymously.

HMRC's April to June 2013 performance

2 September 2013

HMRC's performance results show a strong start to the year on securing additional tax revenues, but customer service standards are below where they want them to be.

Read HMRC's two page report showing the results of the compliance, operational and customer service measures used to assess their performance.

HMRC can now access businesses card payment information

5 September 2013

A new crackdown on tax evasion will make information on all credit and debit card payments to UK businesses available to HMRC for the first time.

Under new powers from 1 September, HMRC can now access information from the UK's merchant acquirers – the companies that process card payment transactions – to find out the number and value of transactions completed by a specific trader.

No personal data identifying the card owners or card numbers will be obtained, but this data will be used to ensure that traders have correctly accounted for all taxes due – levelling the playing field for all businesses.

Announced in the same week as it launches a tax evasion advertising campaign, HMRC estimates that this information could reduce fraud by over £50 million per annum.

The legislation allows HMRC to obtain data on card payments to all UK businesses for the previous four years. The first requests for the data will be sent to merchant acquirers this week and from next year this will be an annual request.

HMRC will analyse the data using its sophisticated risking system, Connect. This cross-references and compares the data with what the tax authority already holds. The process will allow HMRC to identify fraud and evasion. HMRC has worked closely with international tax authorities – many of which have already had great success in reducing evasion, from access to such data.

This week HMRC is launching the second stage of an evasion publicity campaign, through a series of targeted advertisements including radio advertising and over 3,000 billboards in public areas. The campaign works alongside existing compliance activity such as data collection, Taskforces and enforcement to raise awareness among those breaking the rules that HMRC is closing in on undeclared income.

Legislation was introduced in the Finance Act 2013 allowing HMRC access to merchant acquirer data. The legislation came into effect on 1 September 2013.

The Evasion Publicity campaign first aired from November 2012 to February 2013. This second burst runs from the 2 September to 4 October. Further information is available on GOV.UK.

HMRC's Your Charter

23 September 2013

HMRC has published their annual report which shows the extent to which they have demonstrated the values and standards of behaviour as set out in Your Charter.

HMRC deals with the tax and payments affairs of virtually every business and individual in the UK; HMRC's Your Charter sets out the relationship they want with their customers. This latest report (covering January 2012 to March 2013) focuses in particular on:

- answering customer calls and dealing with post;
- working with customers to pilot and then roll out Real Time Information for PAYE
- developing the Digital Strategy; and
- helping customers with key life events such as retirement or bereavement and improving support to disabled customers.

You can read the full report by following the link below.

Your Charter Annual Report Summary: January 2012 – April 2013

HMRC briefing on High Income Child Benefit Charge

3 October 2013

HMRC has published a briefing detailing who is affected by the child benefit charge, how it works and how it is administered.

Any taxpayer with income above £50,000 in a tax year who receives Child Benefit, or lives or lived with a partner receiving Child Benefit, is now liable to pay an income tax charge. The briefing explains who is affected by the charge, how it works, how it is administered and the information HMRC provide to customers.

High Income Child Benefit Charge - HMRC issue briefing

HMRC targeting health professionals in new tax campaign

10 October 2013

Physiotherapists and osteopaths are among the health professionals targeted in a new tax campaign giving a time limited opportunity to bring their tax affairs up to date.

The Health and Wellbeing Tax Plan is a new campaign which includes physiotherapists, occupational therapists, chiropractors, osteopaths, chiropodists and podiatrists. Homeopaths, dieticians, nutritional therapists, reflexologists, acupuncturists, psychologists, and speech, language and art therapists and others are also covered.

The campaign is not aimed at doctors and dentists, who were covered by a previous HMRC campaign, nor at nurses or social workers.

Health professionals have until 31 December 2013 to tell HMRC that they would like to take part in the campaign, and until 6 April 2014 to disclose and pay the tax owed.

After 31 December, HMRC will take a much closer look at the tax affairs of these health professionals. By using this campaign to come forward voluntarily, any penalty they might have to pay will be lower than if HMRC comes to them first.

Also included in HMRC's latest tax cheat crackdowns are:

- landlords who rent out residential property;
- security guards, bouncers and their employers, focus being on workers in London and the South East;
- the construction industry in London;
- hidden wealth in the Midlands – including people with offshore accounts and those living lifestyles beyond their obvious means through assets from undeclared income; and
- the hidden economy in the second-hand motor trade in the Midlands.

2011 to 2012 tax gap figures published

14 October

Figures released by HMRC estimate the tax gap for 2011 to 2012 at 7% (£35 billion) of tax due, continuing a long-term downward trend.

The tax gap (the difference between the amount of tax HMRC believes is due and the amount of tax actually collected) has fallen steadily over the last six years, from 8.3% of tax due in 2005 to 2006 to 7.1% in 2010 to 2011 and 7% in 2011 to 2012. The tax gap is regularly revised to take account of improved methods and the latest available information, and the figures published today include revisions going back to 2005 to 2006. Alongside existing estimates of the beer and spirits tax gaps, a new estimate for the wine tax gap has been included for the first time.
The tax gap is compiled from around 30 separate estimates for different taxes and is broken down by type of tax, customer group and customer behaviours, including tax evasion and avoidance, customer error, the hidden economy, criminal attacks and where tax cannot be collected because businesses have become insolvent.

Exchequer Secretary David Gauke said:

"These figures show the tax gap is continuing to fall. The vast majority of businesses and individuals pay the taxes they owe. But where they don't it is for HMRC to challenge non-compliance fiercely, protecting money that would otherwise be lost.
Since 2010, the Government has invested nearly £1 billion in additional compliance initiatives over the Spending Review period. HMRC is on track to secure a further £44 billion in tax revenues over the next two years."

Edward Troup, HMRC's Tax Assurance Commissioner and Second Permanent Secretary, said:

"The range of non-compliance behaviours revealed by these tax gap figures underline why it is so important for HMRC to step up our wide-ranging activities against the minority who aren't paying what's due, whether they are SMEs, individuals, big business or organised criminals. This isn't just critical for the nation's finances: it's also important to protect the vast majority of honest businesses and individuals from being cheated by the unscrupulous few."

An opportunity for you to help HMRC shape the design of a new online service for small and medium businesses

17 October 2013

HMRC is developing a new online service for small and medium businesses. The new service will bring together in one place everything businesses need to manage their tax affairs.

From a personalised homepage they will be able to view key information and access online services to manage their business tax affairs, for example: file tax returns, check and make payments, view important dates for future action.

HMRC is looking for volunteers to take part in a live trial of an early version of this new online service. Volunteers will be able to access the service from any internet-enabled PC they are currently using and no special equipment or expert IT knowledge will be needed, just basic internet skills.

Volunteers will be asked to provide some feedback on their experience of using the new service. This is likely to be done using short, occasional online surveys during the trial and, possibly, a slightly longer survey at the end of the trial. None of the surveys is expected to take more than 5 minutes to complete (unless you want to provide a lot of narrative comment). If you're a frequent user of the new service then you will not be asked to complete a survey every time you log in, and you will always have the option not to complete a survey.

Your feedback will be used to help shape the development and design of the service before it is made available to all small and medium businesses in 2014. Depending on the progress and outcome of the trial, HMRC may want to collect more detailed feedback, for example through telephone interviews and interest groups, and as a volunteer you will be offered an opportunity to participate – but this is not compulsory and it is not a condition of taking part in the trial.

If you are interested in taking part in this trial, please register your interest with HMRC by 16 November 2013 using the link below. This will take you to an online form where you will be asked to provide some basic information about your business, such as the nature of your business and your business postcode. HMRC will use this information to ensure that a diverse range of small and medium businesses are selected to participate in the trial.

Please note: by registering your interest to take part in the trial you will be giving HMRC permission to contact you. This will only be to confirm whether or not you have been selected to take part in the trial and, if you have, to obtain feedback about the new service.

Link to form

HMRC supporting 'Get Safe Online Week'

23 October 2013

Last year alone, 87 per cent of small businesses suffered a cyber attack which cost between £35,000 and £65,000.

Cyber crime affects many small businesses including tax agents and advisors. Last year alone, 87 per cent of small businesses suffered a cyber attack at an average cost of £35,000-£65,000.

This week HMRC is supporting Get Safe Online Week which aims to raise awareness of internet security.

Businesses and individuals increasingly use online for their transactions with HMRC so it is vital that they protect their online systems effectively.

There are a number of simple things tax agents and advisors can do to stay safe online, including:

- keep login details safe and never use clients' login details
- change passwords regularly
- install anti-virus software onto all systems
- keep computers secure including computers used for home working.

Follow the links below for further information:

- Tax agent-specific tips
- Practical advice and tips for small businesses and consumers
- Get Safe Online

Limits on Income Tax reliefs - Guidance

24 October 2013

HMRC has published guidance on the limits on Income Tax reliefs enacted in the Finance Act 2013 and having effect from the tax year 2013-14.

The limit applies to certain reliefs, which were previously unlimited and that are available to reduce an individual's total income. The limit is the greater of £50,000 or 25 per cent of the individual's adjusted total income for a tax year.

The guidance explains, with supporting examples, how the limit is calculated, the measure of income used to calculate the limit, which reliefs are subject to the limit, and how different circumstances are treated.

Limits on Income Tax reliefs - Guidance

HMRC's new Intelligent Telephony Automation (ITA)

22 November 2013

HMRC have recently introduced a new way of handling calls on some of their helplines and the Policy team would appreciate your feedback through a short survey.

The new system is called Intelligent Telephony Automation or ITA. HMRC say that ITA is a new technology which they hope will improve the way they handle calls. Instead of asking callers to choose an option by pressing a button on their phone, the new system should recognise and react to what the customer says. The customer is then routed directly to information specific to their query without first having to listen to a long list of options. The customer will also be routed to the correct adviser for their question, even if they have called an incorrect telephone number.

HMRC are also automating elements of the security process as part of this introduction. Based on the information that the customer provides to the system, the adviser will know why they are calling and whether or not the customer has passed security. HMRC hope that this will speed up the time that advisers spend with customers, let them focus on the issue and, as the call will be quicker, may also save customers money.

The system prompts customers to say, in a few words, the reason for their call. It is designed to recognise key words or phrase and will either route or ask further questions if required. HMRC say that the system has been widely tested with accents from all over the United Kingdom. Short answers to prompts or questions are sufficient. It is not necessary to give full details or long sentences. For example if the call is a question about periods of Statutory Maternity or Paternity pay just saying “Maternity Pay” will trigger the system to ask follow up questions to establish the nature of the query and direct the call to an adviser if required.

We understand that this is new technology which will take time to bed in, however, we have been hearing from some members who have experienced problems using the ITA system.

If you have called an HMRC Helpline which has this new ITA system we would like to know what you think. Is this an improvement? Did it make your experience better and increase the likelihood of you making contact with HMRC again? Or did you encounter unexpected problems?

The Policy team have created a short survey so we can understand your experiences and pass them on to HMRC. We would be very grateful if you could spare no more than 10 minutes to complete our survey which will close on Friday 29 November.

HMRC Intelligent Telephony Automation (ITA)

4 December 2013

HMRC have been investigating member feedback regarding their new Intelligent Telephony Automation (ITA).

HMRC has responded with the following:

We are aware that some callers trying to get through to the Employers Helpline are being routed to other help lines (in the majority of cases Taxes help line), There has always been an issue with calls to this helpline needing to be re-directed but this has increased over the last few weeks.

We are checking the routing, reason for calling and tagging of these calls through our speech recognition system in order to establish if any improvement can be made. However in the meantime the guidelines below will assist customers who are experiencing our speech system for the first time:

- When prompted to “state in a few words the reason for the call”, short phrases and a few words are more effective than long explanations or sentences.

- For example saying “Maternity Pay” will be recognised and will prompt a confirmation from the system. A fuller explanation such as “I have a query about a period of Statutory Maternity Pay” is not required.
- We also suggest if you are calling about pay as you earn (PAYE) for an employee, when asked if you are calling as the employer please say “yes”. You will then be asked if you are calling from the business, as an agent or something else you should then state in what capacity you are calling.

The Policy team will of course keep members informed of any updates on this matter.

HMRC's 2013-14 half-yearly performance

3 December 2013

HMRC has published a Briefing on their half-yearly performance which shows real time information is progressing well however customer service standards are below ideal.

Follow the link below to read the 2 page update.

HMRC Issue Briefing - half-yearly performance

HMRC Annual Report and Accounts 2012/13

2 January 2014

Following the publication of HMRC’s Annual Report and Accounts for 2012/13 the Public Accounts Committee reported that HMRC had 'not clearly demonstrated' that it is on the side of the majority of taxpayers who pay their tax in full.

HMRC has responded strongly to the Public Accounts Committee (PAC) report on its Annual Report and Accounts 2012-13.

The committee reported that HMRC had 'not clearly demonstrated' that it is on the side of the majority of taxpayers who pay their tax in full. It claimed that the Department had collected less tax in real terms than in 2011-12, and challenged HMRC's tax gap figures.

HMRC has issued a comprehensive statement to the press, reproduced below.

Press statement

"HMRC strongly disputes the conclusions in the Public Accounts Committee report and challenges the Committee's selective and misleading use of figures.

HMRC seeks to collect the tax that is due from all taxpayers, so that everyone pays their fair share in accordance with the tax laws passed by Parliament. We have secured more than £50 billion of additional tax from our compliance work since 2010, including £23 billion from large businesses. We have carried out 2,345 prosecutions for tax evasion in the last three years, including of high-profile accountants and lawyers, have halved the number of disclosed tax avoidance schemes and have protected more than £2.4 billion from marketed tax avoidance schemes this year alone.

As a result of HMRC's sustained efforts, the tax gap - the proportion of taxes that are due which are not collected - has fallen from 8.3 per cent in 2005/06 to seven per cent in 2011/12. If the tax gap had remained at the level it was at seven years ago, we would be collecting £7 billion less each year.

HMRC's methodology for measuring the tax gap is robust and has been endorsed by the IMF. Contrary to what the PAC report says, the published tax gap does include a measure of the tax lost from avoidance, as well as evasion, but it can only measure non-compliance with existing tax law - it cannot estimate how much tax might be due if tax laws were different.

HMRC can only bring in the tax that is due under the law and we cannot collect what is not legally due, however much the Committee might want us to. The Public Accounts Committee already knows that we cannot prosecute multinational companies for activities that are lawful within the international tax framework and has itself acknowledged that the kinds of international tax planning by large businesses that it has reviewed are lawful.

We do not hesitate to take large businesses to court if necessary to secure the tax they owe and would consider prosecution in any case where we suspect that we have been misled or information had been withheld from us. We secured eight court wins against large businesses in the first half of this year alone, protecting over £1 billion of tax from avoidance.

The Controlled Foreign Companies rules protect the UK from tax avoidance through the artificial diversion of profits by UK groups to subsidiaries in countries with very low rates of tax. The rules were enacted by Parliament after extensive public consultation and Parliamentary debate. In his recent Autumn Statement, the Chancellor announced a proposal to strengthen the Controlled Foreign Company rules, which will be put to Parliament in the 2014 Finance Bill.

The Committee's unjustified criticism is not a fair reflection of the dedication of our 65,000 staff, whose work has helped the UK achieve one of the best levels of tax compliance in the world. And it risks undermining the confidence that the compliant majority of UK taxpayers have in the excellent work they do."

High income Child Benefit parents urged to register for Self Assessment

15 January 2014

HMRC is urging high-income Child Benefit parents who have not yet submitted their tax return to take action now, or face penalties.

Parents with incomes above £50,000 who continued to receive Child Benefit after 7 January 2013 have to pay a tax charge. This is based on their incomes and how much Child Benefit they received in the 2012 to 2013 tax year.

Those who have already registered must now file a return before 31 January. Those who have neither registered nor opted out must register for Self Assessment Online now, to enable them to send an online return by the 31 January deadline. This is because online registration can take up to seven working days to complete, as HMRC has to send an Activation Code in the post.

The deadline for paying any tax owed for 2012 to 2013 also falls on 31 January.

HMRC Chief Executive Lin Homer said:

“The registration process is easy. We know that many parents are newcomers to Self Assessment, so it is really important they register and file online to avoid getting a penalty.”

To register for Self Assessment online, visit www.hmrc.gov.uk/signup and follow the on-screen instructions. Taxpayers will immediately get a User ID and, once they’ve received an Activation Code, they can activate their account. They can then complete their tax return online.

HMRC to open revolutionary new Digital Centre

22 January 2014

HMRC has announced that their new Digital Centre will be built in Newcastle and the services designed and launched by the centre will will make it simpler, clearer and faster for people and businesses to manage their tax affairs digitally.

HMRC will continue to improve the digital services they already offer and over the next few months will be recruiting some of the best IT talent in the UK with the skills to design, test and build new digital services. They are seeking people with world-class digital experience who can demonstrate that they understand the potential of digital services to transform customers' experiences of managing their tax affairs.

HMRC digital staff and technology suppliers will work together in the Digital Centre to identify the needs of taxpayers, test new services with real users, and keep improving them once they are released to the public.

HMRC will initially recruit more than 50 digital specialists to the Digital Centre. The new jobs range from product managers, interaction designers and user researchers to technical architects and software developers. The first tranche of vacancies, which will be open to both existing HMRC staff and external candidates, will be advertised from 27 January. A further 30 existing HMRC staff will be dedicated to this centre.

HMRC aims to open another Digital Centre, focusing on digital analytics, later in the year although it has not yet announced where this will be located.

Mark Dearnley, HMRC's Chief Digital and Information Officer, said:

"This is the start of our ambitious programme to transform HMRC's online and digital services.

"The Digital Centres will foster a culture of innovation not seen across government before so that we can continually find new ways of supporting customers.

"This recruitment is the first step on our journey to offer a digital service that allows our customers to service their own needs online and reduces the dependence on paper services."

Mike Bracken, Executive Director of Digital for the UK Government, said:

"Starting with the needs of users has led to a radical shift in the way we build and provide government services. Digital by default will make tax simpler, clearer and faster for users, and bring new skills and ways of working into HMRC.

The department's exemplar digital services will go live by 2014, and Government Digital Service will be working closely with HMRC to develop its digital talent in the North East and throughout the UK."

HMRC report shows call handling below 90 per cent target

24 January 2014

HMRC's 2013-14 half-yearly performance report reveals that from April to September 2013, they handled 72.7 per cent of all call attempts.

The report states that this is an improvement on the same period last year, but below HMRC's 90 per cent target.

HMRC say that they did not meet their target because of a number of factors, including:

- technology-related issues
- using extra people on their employer helpline to support the introduction of RTI
- a very busy final week leading up to the tax credits renewal deadline on 31 July.

The report talks about HMRC's plans to introduce new automated speech features on their most popular phone lines during this period to allow them to answer more calls. However, they took the decision to delay these changes until later in the year, while the new service was being fine- tuned ahead of a wider roll out which began this month.

For full details on HMRC's overall performance during April to September 2013, read the two page brief - HMRC's 2013-14 half-yearly performance.

What to do if you cannot pay HMRC

27 January 2014

HMRC has issued a brief explaining what individuals and businesses should do if they cannot pay a debt to HMRC and what they can do to help.

"The overwhelming majority of taxpayers — more than 90 per cent — pay their taxes in full by the due date. For the small proportion of taxpayers who do not pay on time, we support those in genuine difficulty and actively pursue those who seek to avoid paying. This briefing explains what individuals and businesses should do if they cannot pay what they owe to us."

HMRC: Our approach to Debt Collection - January 2014

Email scams: Employer Annual Return and Alerts & Registrations

7 February 2014

Be aware that fraudsters are at it again and one of their tricks is to pretend to be HMRC and ask businesses to submit a P35.

Here is an example of the type of email being circulated:

Employer Annual Return

Employers must file their Employer Annual Return (P35 and P14s) for 2013-14 online to reach us by 29 February 2014. We strongly recommend that you file your return online, as soon as it is ready.

Don't forget, Extra Statutory Concession B46 came to an end in 2011 so the period of grace no longer applies. To avoid penalties, file your Employer Annual Return (P35 and P14s) online and file as soon as you can before 19 May 2013.

Please complete all relevant sections of the attached application form and attach the appropriate documents.

Reply to this email as this mailbox is monitored for incoming mail.

HMRC Employer Alerts & Registrations

The other scam that has been reported to us is a request for registration details, an example being:

> From: HMRC Employer Alerts & Registrations [mailto:employers@alerts.hmrc.gov.uk]
> Sent:
> To:
> Subject: HMRC Employer Alerts & Verification
>
> Thank you for your registration details which have been recorded for email alerts purposes only.
>
> We expect to send you three email alerts a year - February, May and December. These will give you the links to the latest Employer Bulletin and HMRC PAYE Tools (previously the Employer CD-ROM).HMRC may also issue other messages throughout the year.
>
> *Please complete all relevant sections of the attached application form and attach the appropriate documents to confirm your identity.*
>
> Reply to this email as this mailbox is monitored for incoming mail.

As a reminder to help you stay safe online, HMRC recommends the following:

- Check the advice published at www.hmrc.gov.uk/security/index.htm where they can see if the email received is listed
- Forward suspicious emails to HMRC at phishing@hmrc.gsi.gov.uk and then delete it from your computer/mail account
- Do not click on websites or links contained in suspicious emails or open attachments
- Follow advice from www.getsafeonline.co.uk
- Anyone who has answered one of these emails should forward the email and disclosed details to security.custcon@hmrc.gsi.gov.uk.

If you have reason to believe that you have been the victim of an email scam, report the matter to your bank/card issuer as soon as possible. If in doubt please check with HMRC at HMRC fraud attempts.

HMRC piloting improved digital services

12 February 2014

Following HMRC's Digital Strategy published in December 2012, HMRC is launching pilots for 3 new digital services. These will be tested with a small number of customers from February 2014.

The new services are:

- Digital Self Assessment – An improved service for Self Assessment customers which will mean you can opt to receive email alerts and view messages from HMRC online through a secure, personalised portal
- PAYE for Employees – A new digital service that will mean Pay As You Earn customers can tell HMRC about changes affecting your tax code online for the first time

- Your Tax Account - A service to help Small and Medium Enterprises (SMEs) do more with HMRC online, with everything you need in one place

The Pilot

During the pilots HMRC will test these services which will help build digital services that reflect the needs of the customer.

HMRC will continue to develop the digital services in line with feedback received from customers involved in the pilot.

HMRC published its Digital Strategy in December 2012, outlining how they will move towards a set of customer-focused digital services.

The benefits

Digital services offer savings and convenience for customers, not only by reducing the cost of phone calls and dealing with HMRC, but also by enabling HMRC to be open for business at a time convenient for you.

HMRC tax helpline launched to support people affected by flooding

13 February 2014

HMRC has launched a new telephone helpline to assist businesses and individuals who may find it difficult to meet their tax obligations due to the recent floods.

The helpline will enable anyone affected to get fast, practical help and advice on a wide range of tax problems they may be facing.

HMRC will also:

- agree instalment arrangements where taxpayers are unable to pay as a result of the floods;
- agree a practical approach when individuals and businesses have lost vital records to the floods;
- suspend debt collection proceedings for those affected by the floods;
- cancel penalties when the taxpayer has missed statutory deadlines.

The helpline is in addition to other HMRC telephone contact numbers.

The helpline is **0800 904 7900**. Opening hours are Monday to Friday, 8.00 am to 8.00 pm; Saturday and Sunday, 8.00 am to 4.00 pm, excluding bank holidays.

A new approach to supporting HMRC customers who need extra help

17 February 2014

HMRC has published a briefing explaining how they are delivering a new service for those customers who need help with their tax and benefits.

HMRC are introducing the new service to help customers who need extra help get their taxes and entitlements right. The new service will offer more in-depth support on the phone and a mobile advisory service if a face-to-face appointment is needed. The new service will replace the current network of Enquiry Centres.

The new service involves identifying those customers who need extra help and then offering them the support that suits them best, whether by phone or in person at a place convenient to them. Not only is this a better service for the customers who really need extra help, but it is more cost-effective and flexible for HMRC to administer.

The new telephone and mobile advisory service will be introduced across the UK at the end of May. HMRC plan to close their network of Enquiry Centres by the end of June.

The briefing explains more detail about how this service will be introduced across the whole of the UK in the summer.

The Chartered Institute of Payroll Professionals supports HMRC in reaching the unrepresented employers

18 February 2014

The CIPP supports HMRC by producing a flyer in respect of end of year return submissions for those who are not represented by professional bodies.

With the introduction of real time information, there are important process changes for the end of year returns that must be submitted to HMRC. The CIPP has helped HMRC communicate to the unrepresented employers in respect of their obligations. The flyer highlights the key changes and provides information on how and when employers need to submit their information.

Karen Thomson, Associate Director of Policy, Research & Strategic Visibility said *"The CIPP is delighted to have helped this business sector understand their obligations. HMRC aims to educate all their customers and whilst the CIPP can reach the thousands of payroll professionals, we recognise there are many who conduct payroll duties but do not have the support of a professional body".*

Suzanne Newton, HMRC's Real Time Information Programme Director, said: *"The vast majority of individual PAYE records are being reported in real time, and the majority of employers have told us that RTI has been either very or fairly easy to deal with. But we are continuing to work hard to improve the guidance and help we offer employers and are grateful for the support CIPP has given."*

For more information please visit: www.cipp.org.uk or HMRC's website

Publishing details of deliberate defaulters

20 February 2014

HMRC has published its fifth list of those who have deliberately defaulted on their tax responsibilities. The highest penalty on the list comes in at a staggering £1,115,481.36.

Subject to certain stringent conditions, anyone who has deliberately defaulted on their tax responsibilities will have their details published by HMRC. The latest list can be viewed through the link below.

Details of deliberate defaulters

HMRC comes out of the office to support customers who need extra help

21 February 2014

A new, flexible, face-to-face support service for customers who need extra help with their taxes, tax credits and child benefit entitlements will be rolled out across the UK by HMRC this spring.

Following a successful seven-month trial in the North East of England, the new service will provide expert advisers to resolve issues on the phone in depth, in one go. It will also provide mobile adviser support at a range of convenient locations for those who need a face-to-face appointment.

The phone advisers will be able to bring HMRC experts together in a single call to resolve multiple issues, without transferring customers around different parts of HMRC to different advisers who each deal with a separate issue.

For those who need a personal appointment, HMRC's mobile advisers will meet them at a range of venues – from government and community buildings to a person's own home or business – at a time that suits them.

Customers who need extra help on any HMRC issue – from help with a tax return, to assistance with a tax credits claim – will be identified and referred to the new service by both HMRC's existing helpline phone advisers and by voluntary sector partners.

Following the launch of the new service in May 2014, the current Enquiry Centre network will close.

Ruth Owen, HMRC's Director General for Personal Tax, said:

"HMRC is dedicated to providing help to customers when they need it. The pilot showed that this is a valuable service for those who cannot get the help they need elsewhere.

Our Enquiry Centres offer a great service to those who can reach them. But they are spread unevenly across the UK, the number of people using them continues to fall, and our research shows that the majority of customers who do use them don't actually need to. The new service will enable us to tailor help in a way that works better and is more affordable.

Our specialised phone service will help customers whose affairs can be resolved over the telephone, and our face-to-face help will be available to those who need it, visiting them at a place convenient to them."

HMRC will also make more funding and support available for voluntary sector organisations to help them to deal with customers who turn to them for help.

The new service will save customers around £17 million a year in lost time and travel costs, and will save taxpayers over £27 million a year, as a result of the closure of the Enquiry Centre network.

Only a very small minority of HMRC's 40 million customers ever use one of the 281 Enquiry Centres, and demand halved from five million visitors in 2005 to 2006 to fewer than two million in 2013. Some centres are now open just one day a week as a result of the sharp drop in demand. Of the customers using an Enquiry Centre in 2013, just 11% needed a face-to-face appointment.

HMRC is discussing the impacts of these changes with staff in Enquiry Centres and its unions.

Get more information on the changes at www.hmrc.gov.uk/extrahelp.

Small businesses urged to cash in with simpler accounting

21 February 2014

Small businesses are being urged to consider a scheme that allows them to be taxed on money that flows in and out of their business, rather than using full accounting rules.

The 'cash basis' scheme can be used by sole traders and other unincorporated businesses with an annual income of less than £79,000 to simplify their accounting processes, saving both time and money.

Using the scheme involves a business simply working out the cash received in a tax year, less any money spent on allowable business expenses. This means small businesses won't need to spend time at the end of the tax year making complex accounting adjustments, and other calculations designed for larger businesses.

Many small businesses are likely to benefit from the simplicity of the cash basis, particularly those providing services, such as hairdressers, window cleaners, taxi drivers, gardeners, painters and decorators, plumbers and electricians.

In addition, unincorporated businesses can choose to use 'simplified expenses'. This involves using flat-rates, instead of making complex calculations of actual business expenses. It can be used for the following expenses:

- business costs for vehicles;
- business use of your home; and
- private use of a business premises as a home.

HMRC has produced a short animation and a YouTube video to help small businesses decide if the schemes are right for them. Or they can watch one of HMRC's webinars.

HMRC website outage

3 April 2014

Due to preparatory work for the transfer of HMRC website content to GOV.UK, HMRC's website was down for a short period today.

HMRC issued a press statement regarding the outage earlier today:

HMRC is carrying out some preparatory work as part of our plans to transition content from the HMRC website to GOV.UK.

Unfortunately visitors to the HMRC website were automatically redirected to GOV.UK for a short period earlier today. This problem has now been resolved and HMRC apologises to any customers who were inconvenienced over this short period.

The transition of HMRC content to GOV.UK will occur in phases over the coming months. We will announce further details of each phase of transition before we redirect customers to GOV.UK.

You can read more about our approach to transition in previous blog posts on this blog, how we are prioritising the topics that will be transitioned in each phase, and the work we are doing to build a new system for the HMRC manuals.

Update on Joint Initiative on HMRC Service Delivery

16 April 2014

HMRC has outlined a summary of the improvements made to the end-to-end experience of dealing with HMRC.

Summary of Achievements

The Joint Initiative responded to Treasury Select Committee recommendations that HMRC should work closely with professional bodies, tax charities and businesses to improve customers' experience through better service and transparent performance measures.

A fresh approach was adopted with HMRC visiting agents' offices and vice versa. This enabled both parties to understand the other's perspective and see at first hand the issues encountered.

As a result a number of improvements have been made to HMRC services since September 2011 when the initiative began.

Contact Centres
HMRC has agreed to set a new standard of answering 80% of calls within five minutes and be more transparent by publishing Contact Centre performance (including the percentage of calls dealt with successfully and the time it takes for a customer to be put through). HMRC invested an additional £34 million and redeployed 1000 extra staff to Contact Centres where 78.4% of calls were handled between April 2013 and February 2014 – up 4.1% on the same period last year

Post
Dates have been changed on bulk mail where action had to be taken by a deadline to show month/year rather than a specific date. It had been confusing and misleading customers when mail was delivered some time after the date shown on the correspondence so that's been sorted. HMRC now gives customers more notice when they need to respond, for example for the first time over 3 million SA customers received their SA Statement reminders by 27 December 2013. From April 2013 to February 2014 HMRC cleared 84% of post within 15 working days – exceeding our commitment to deal with 80% of post within this time.

Repayments
A pilot scheme was introduced to trial filing R40 (claim for repayment of tax deducted from savings and investments) returns online. Agents' software products provide the option of sending clients' income information as an online SA tax return so we have speeded up the process by enabling agents to claim repayments by the same method. Customers have also been encouraged to complete form R85 and register for gross interest to avoid making an annual claim.

Penalties
Improvements have been introduced to the P35 end of year process to help employers minimise or avoid end of year filing penalties. HMRC has sent an extra reminder for 2012-13 and more timely letters to advise a return was late and penalties potentially accruing.

Debt Management and Banking
Debts are no longer pursued where a CIS repayment can be set against the amount due. HMRC officers have clearer identification and guidance on customers' rights and a telephone hotline is available for agents to call HMRC when there's a collector at a client's premises. New technology has been introduced to ensure that information available to collectors is up to date.

Bereavement
We created a single point of contact for bereaved PAYE and SA customers (the bereavement helpline handles over 8000 calls a month within 9.5 seconds) and arranged for the affairs of a surviving partner to be reviewed at the same time as the deceased's. We have introduced an interactive online guide with information tailored to the customer to

explain what needs to be done when dealing with HMRC after a death and improved the form R 27, for reclaiming or paying tax when someone dies.

These are just a few of the achievements of the Joint Initiative. There have also been improvements to the agent authorisation (64-8) process resulting in quicker turnaround times and HMRC has launched an email pilot and an HMRC Agents' Blog.

What's next?
Setting out our successes so far does not mean that we are complacent. Far from it. We know that there is still work to do. We will, for example, be monitoring the plans we've put in place to ensure that CIS repayment arrangements work better this year. We'll continue to work on HMRC's service standards and also focus on the move to new online services for agents, including the migration from the Government Gateway.

The results of the Joint Initiative show what can be achieved through HMRC senior managers and representatives of the professional bodies working together with trust, dedication and commitment on both sides.

Paul Aplin of ICAEW said *'The changes to the P35 process resulted in significantly fewer employers facing penalties, the publication of call centre statistics increased transparency and extra call centre resource was allocated as a result. We are now working on improvements to CIS repayment turnaround and looking at new service standards. The project has delivered some real results on service delivery, but we still have much to do (and the enthusiasm to do it)'.*

Follow this link for further information on the Joint Initiative on HMRC Service Delivery

Stakeholder weekly updates

HMRC STAKEHOLDER UPDATE – NUMBER 13

12 April 2013

HMRC has circulated their thirteenth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time information
PAYE for employers - Real Time Information starts as planned
On 6 April 2013 employers across the UK started reporting their PAYE information to HMRC in real time.

Real Time Information and submitting forms P45 and P46 for 2012-13
Clarification on submitting forms P45 and P46 following a number of queries from employers mandated to operate PAYE in real time on or before 6 April 2013.

Real Time Information: starter declarations from 6 April 2013
HM Revenue & Customs has amended the guidance on the PAYE starter process to reflect customer feedback on starter declarations, to help increase accuracy for individuals with a P45 and more than one job.

New Expenses and Benefits online forms
Online reporting of expenses and benefits paid by employers to employees
HM Revenue & Customs (HMRC) are starting to provide employers and agents with an additional method for submitting end of year expenses and benefits forms.

Changes to how employers pay HMRC
Changes to how employers pay HMRC from April 2013
There are changes to paying PAYE and Class 1 National Insurance contributions from 2013-14.

Toolkits updated
Toolkits to help minimise common errors – updated
HMRC has published the updated Expenses and Benefits from Employment Toolkit in addition to the National Insurance Contributions and Statutory Payments Toolkit. The purpose of the toolkits is to assist agents when completing their clients' returns and forms.

Alternative Dispute Resolution Trial – evaluation report
Evaluation report highlights findings of alternative dispute resolution trial
A summary evaluation report highlighting the success of HMRC's recent alternative dispute resolution trial for small and medium enterprises and individual customers has now been published.

HMRC STAKEHOLDER UPDATE – NUMBER 14

19 April 2013

HMRC has circulated their latest informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information
The number of employers sending their PAYE information to HMRC in real time continues to increase as expected. Rather than there being a 'big bang', submissions will increase steadily at the rate that employers run their usual payroll timetable.

Real Time Information and National Insurance number Verification Requests (NVRs) - clarification on when to submit an NVR, following a number of queries from employers
Employer Bulletin Issue 44 - is now available. Aimed at Employers and Agents it contains important information and news about topics affecting the operation of payroll.

Statutory Sick Pay - Percentage Threshold Scheme and Record-Keeping
The Government published its response to the Sickness Absence Review's recommendations on 17 January 2013. The response also outlines a broader strategy to support the health and wellbeing of the working age population.
In particular it examines the following issues and full details can be found on the DWP Policy site:

- A health and work assessment and advisory service
- Improving sickness absence management
- Supporting healthcare professionals
- Reforming the benefits system

Two of the recommendations agreed were the abolition of the Percentage Threshold Scheme and record-keeping for Statutory Sick Pay. DWP announced that these changes will be effective from April 2014. Full details can be found on the DWP Newsroom site
Record keeping and mobile applications – an update to the record keeping software and mobile applications options to include 'cash basis' and 'simplified expenses'.

HMRC STAKEHOLDER UPDATE – NUMBER 15

1 May 2013

HMRC has circulated their latest informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

The number of employers sending their PAYE information to HMRC in real time continues to increase as expected.

PAYE for employers: Real Time Information - Pilot Employer Monthly Supplementary Update April 2013 (PDF 21K)

HMRC has published a Supplementary Pilot Employer Update for employers who took part in the 2012-13 Real Time Information pilot.

Real Time Information and Basic PAYE Tools error messages

HM Revenue & Customs has published a list of error messages that a number of Basic PAYE Tools users have received when trying to submit PAYE information in real time, together with instructions on what to do to correct the submission.

Form CIS132 Construction Industry Scheme - record of amounts set off (PDF 73K)

Form updated to reflect changes brought in with the introduction of Real Time Information (RTI).

Lin Homer speaks about RTI at accountancy conference

HM Revenue & Customs Chief Executive spoke at an accountancy conference on Thursday, 25 April in London.

New Helpline Telephone Numbers

New numbers for Online Services Helpdesk and Employer helplines

From 23 April 2013, HM Revenue & Customs are changing some helpline numbers.

Single HMRC Bank Account for employers

When making your payment of PAYE and Class 1 NICs (including Construction Industry Scheme (CIS) and Student Loan deductions) please make sure you use the correct HMRC bank account, which is now the same account for all (apart from Government Banking Service (GBS) customers):

- Sort code: 08 32 10
- Account number: 12001039
- Account name: HMRC Cumbernauld

If you use a pre-filled / drop down menu please ensure you select the correct details, matching the information above. For example, when paying PAYE do not select HMRC NIC Quarterly bill as this is for different National Insurance payments.

Agent Update 35

Agent Update 35 (PDF 298K)

The bi-monthly round up of the latest developments in tax, HMRC service and consultations for accountants and tax professionals and a section on the latest news and issues from the Working Together network.

HMRC STAKEHOLDER UPDATE – NUMBER 16

6 May 2013

HMRC has circulated their latest informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Over 1million schemes now in RTI
Over 1 million PAYE schemes have successfully started to report PAYE in real time.
This is in line with our expectations, and we expect the number of submissions to steadily increase as more employers run their usual payroll.

This is a huge change for employers, and as you might imagine, we have identified a few issues which have been resolved quickly. We have publicised information about issues on our What's New Internet page to ensure employers, developers and payroll professionals are kept informed.

And so far, most employers have found RTI a straightforward, quick and easy experience:

Matthew Brown, Managing Director of professional umbrella employment provider Giant, agrees that the new system will increase accuracy and simplicity in time, and has found transition "a smooth process so far".

……"I'm hoping that for both clients when they have submitted the final FPS for 2013/14 and seen how it all works at the year end that I can wean them off needing my services other than guidance during the year" said Yvette Lamidey from Paris & Parks.

As RTI progresses we will continue to listen to and act on feedback from our customers. This means that we are regularly updating our guidance.

Reporting and Paying HMRC in real time: getting it right
We have produced a leaflet 'Reporting and paying HMRC in real time: getting it right', for HMRC staff to give to employers. You might find this useful as it gives an overview of getting reporting and paying PAYE in real time right.

Real Time Information – your 2012-13 end of year report and first 2013-14 RTI report
We have issued clarification as to whether or not employers have to complete their 2012-13 end of year report before they do their first 2013-14 RTI submission.

Real Time Information and annual schemes
We have published information about the current position on processing requests for annual schemes, clarification of the requirements and operating an annual PAYE scheme in real time.

PAYE for employers - employers who were part of the RTI pilot for 2012-13
The 2012-13 Return of Class 1A National Insurance contributions - forms P11D(b) and payslips which HMRC usually send out in April will be delayed for those employers who were part of the Real Time Information (RTI) pilot during 2012-13.

2013-14 Payment Booklet issue - delay
There has been a delay in the final issue of Employer Payment booklets for the year 2013-14. Previous guidance in What's New of 27 March to phone HMRC if booklet has not been received is updated.

Single Compliance Process: opening approach
HM Revenue & Customs has agreed to change their approach for Corporation Tax and Income Tax interventions for customers who want their authorised agent to act on their behalf.

Employer supported local bus services

We have clarified the guidance in relation to employer supported local bus services.

Correcting payroll reports misaligned with payment dates and tax periods
HM Revenue & Customs has published guidance for employers on what to do if they have been reporting payments to employees in real time which don't match with the actual date of payment or with tax periods.

HMRC STAKEHOLDER UPDATE – NUMBER 17

10 May 2013

HMRC has circulated their latest informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Employer Annual Return deadline – 19th May 2013
PAYE for employers: Your 2012-13 Employer Annual Return is due by 19 May 2013
Send it as soon as possible to avoid a late filing penalty and make sure you have filed it online or you may face a further penalty.

April 2013 Pilot Employer Supplementary Update – further update
Real Time Information and pilot employers' end of year returns (PDF 23K)
HM Revenue & Customs (HMRC) has updated the April 2013 Pilot Employer Supplementary Update to clarify the obligations on employers using HMRC's Basic PAYE Tools to make year end submissions.

Online reporting of Expenses & Benefits – update
Online reporting of expenses and benefits paid by employers to employees
An update for employers and agents on the development and availability of additional online forms for submitting end of year expenses and benefits information.

HMRC STAKEHOLDER UPDATE – NUMBER 18

20 May 2013

HMRC has circulated their latest informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders. This week's update includes clarification of several RTI issues which have arisen over the last few days, along with information about the Regional Employer National Insurance contributions Holiday for new businesses and the new High Income Child Benefit Charge which was introduced on 7 January this year.

Real Time Information
Real Time Information and paying HMRC
Clarification for employers as they approach the first date they must make a payment to HMRC since starting to report their PAYE in real time.
PAYE for employers: National Insurance numbers without suffixes
What you should do if you receive a National Insurance number without a suffix from HMRC.
Using PAYE in real time: face to face events
HM Revenue & Customs is running a series of face to face events on using PAYE in real time. If you're an agent representing small and medium businesses, you may want to mention this to your clients.
PAYE for employers: Real Time Information and annual schemes
Clarification on the criteria for registering a PAYE scheme as annual.

No Full Payment Submission (FPS) to send us?
Don't forget that, if you pay no employees within a tax month, you should let HMRC know by sending an Employer Payment Summary (EPS). This will tell us that you have no Full

Payment Submission (FPS) to send to us. If we do not receive an FPS or EAS we will collect what we believe is due.

PAYE for employers
PAYE for employers: No Employer Annual Return to make for 2012-13?
Employers and agents can now notify HMRC online if they have no Employer Annual Return (forms P35 and P14) due for 2012-13

Regional Employer National Insurance contributions (NICs) Holiday for New Businesses
If you have successfully applied for the scheme and have employed someone during the 2012-13 tax year, you or your agent should have received an Employer NICs Holiday End of Year Return (form E92), which needs to be completed providing details of the NICs holiday claimed. If you or your agent have not yet received a form E92, but have successfully applied for the NICs holiday, you should contact the Employer Helpline on 0300 200 3200.
Please return this form with the supporting forms E89 (or equivalent) for each qualifying employee for whom you were entitled to withhold employer Class 1 NICs by 19 May 2013. Forms E89 are recording sheets that can be found on the HMRC website.
If you withheld some employer's NICs during the year because you were entitled to the NIC Holiday, and you do not send us the form E92 and supporting E89s, we cannot determine whether your employer payment record is correct and we may seek to recover an underpayment of Class 1 NICs.

High Income Child Benefit Charge
This is a new tax charge that was introduced on 7 January 2013. Your employees will be affected by this if their income, or their partner's income is more than £50,000 and either of them receive Child Benefit.
If you receive any queries from your employees about this charge, we would be grateful if you could remind your employees that their P60 for the 2012-13 tax year will hold information about their income to help them decide whether they are affected and they can find further information at www.hmrc.gov.uk/childbenefitcharge

Extra Help for HMRC Customers
Extra help for HMRC customers
HMRC is looking to introduce a new way to support people who need extra help to get their taxes and entitlements right.

HMRC STAKEHOLDER UPDATE - NUMBER 19

24 May 2013

HMRC has circulated their nineteenth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information
Real Time Information: submissions creating new employments and tax codes
Clarification on completing Employer Alignment Submissions and Full Payment Submissions.

PAYE for employers
2012-13 PAYE Tax Calculations
HM Revenue & Customs has started the process to check whether customers in PAYE have paid the right amount of tax in 2012-13 and will be issuing P800 calculations where necessary.

Employer Further Guide to PAYE and NICs - CWG2 (PDF 1.5MB)
A correction has been made to the 'Childcare Vouchers' information within the P9D/P11D chart on page 67.

PAYE for employers: Late filing penalties for 2012-13 Employer Annual Returns
If you haven't yet filed your 2012-13 Employer Annual Return you will be charged a late filing penalty.

HMRC STAKEHOLDER UPDATE - NUMBER 20

31 May 2013

HMRC has circulated their twentieth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information
The RTI Supplementary Pilot Employer Update for May is now live. It's an update to the April 2013 Pilot Employer Update and tells pilot employers about the Basic PAYE Tools functionality to make an Earlier Year Update (EYU), and reminds them of the position regarding 2012-13 forms P11D(b) and payslips.

Harvest casuals and casual beaters
Information for employers who make payments to people working outdoors as **harvest casuals** or **beaters** for a shoot. These long standing agreements and the way in which tax and NICs are applied to these payments are unchanged. However, the introduction of real time reporting means that there is a change to the way in which the payments now need to be reported.

Penalties for 2011-12 PAYE Employer Annual Returns (P35 and P14s) that have still not been received
The 2011-12 Employer Annual Returns (P35 and P14s) were due by 19 May 2012. These returns are now over 12 months late and HMRC has started to send penalty notices where our records indicate that the return is still outstanding.
The penalty is based on £100 per 50 employees for each month your return is outstanding, from 20 January 2013 to 19 May 2013. So, an employer with 50 or less employees will receive a £400 penalty. This penalty is in addition to those penalties already issued in September 2012 and January 2013.
If you have a return to make and have not sent it yet, please send it without delay.
If you did not have to maintain any forms P11 (Deduction Working Sheets) during the tax year so didn't need to complete an Employer Annual Return then you still need to tell us.

Appealing against a penalty
If you wish to appeal against the penalty notice, you must write to the office shown on the notice within 30 days stating why you think the penalty notice is wrong.

Class 1A NIC Payments
Please remember to check the correct payment reference is used for Class 1A NIC payments to avoid misallocated payments and unnecessary contact from HMRC. The Class 1A NIC Payments for 2012-13 guidance's **Use the right payment reference** goes into more detail and provides an example.

Advisory Fuel Rates
Advisory Fuel Rates updated
HM Revenue & Customs has published advisory fuel rates to operate from 1 June 2013.

High Income Child Benefit charges
Authorising a tax adviser for High Income Child Benefit charge matters
If you want a tax adviser or accountant to act on your behalf for specific matters relating to the High Income Child Benefit charge, you'll need to formally authorise them using this form.

HMRC STAKEHOLDER UPDATE - NUMBER 21

10 June 2013

HMRC has circulated their twenty first informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

PAYE for employers: Basic PAYE Tools - Real Time Information
Basic PAYE Tools - RTI has been updated. Version: 13.1.13122.102 was released on 30 May 2013. This introduces functionality to complete and submit an Earlier Year Update (EYU) and to produce and print certain forms, including P45.

Employer PAYE - P35 Interim Penalty letters
Employers who have not sent their Employer Annual Return before the 19th May deadline or told us that they have no return to make are being sent letters saying that they may already have incurred a penalty. The purpose of this letter is to give employers the opportunity to file their return before 19 June to stop the penalty increasing. A corresponding letter will be sent to their agents.

HMRC STAKEHOLDER UPDATE - NUMBER 22

14 June 2013

HMRC has circulated their twenty second informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

PAYE Electronic Payments for June
Pay your PAYE/Class 1 NIC by 22 June
As 22 June is a Saturday, depending on the electronic payment method used, you may need to have cleared funds into HMRC's bank account by 21 June.

Final 2012-13 Employer Annual Returns – incorrect submissions
PAYE: final 2012-13 returns incorrectly submitted
Some employers, using products from one software provider, have sent us their end of year information on the wrong type of submission.

Reporting and paying PAYE to HMRC in real time
With the next deadline for paying PAYE to HMRC approaching, you may find our Reporting and paying HMRC in real time: getting it right leaflet useful.

Real Time Information: record numbers of employers report in real time
Press Release 12/06/13 more than 1.4 million employer PAYE schemes are now reporting to HM Revenue and Customs (HMRC) in real time since the launch of new tax reporting requirements in April.

After listening to stakeholders, HMRC announced that it will be seeking to extend the temporary relaxation of the new reporting rules for businesses with fewer than 50 employees from October 2013 until April 2014, and that this relaxation will come to an end at this point. The extension means that businesses will not be required to change their approach halfway through the tax year.

National Insurance numbers without suffixes
PAYE for Employers: National Insurance numbers (NINOs) without suffixes
Last month we temporarily suspended the issue of NINOs while we investigated why some were being sent out without the final letter (A, B, C or D) of the NINO. This issue has been resolved and we are sending out NINOs again.

New Online End of Year Expenses and Benefits forms
This year, HMRC started to launch an additional method for submitting end of year expenses and benefits forms, called the 'Online End of Year Expenses and Benefits Service'. Two new forms have been available since 6 April and the remainder of the service is scheduled for delivery on 19 June.

This new service is an additional online filing option to help you or your agent accurately enter the correct expenses and benefits information and submit securely via an HMRC electronic channel. Further details about the new online forms can be found by checking this regularly updated page: http://www.hmrc.gov.uk/payerti/exb/onlineforms.htm

And remember the filing deadline is 6 July! Further information about filing deadlines can be found at: HM Revenue & Customs: Completing forms P9D, P11D and P11D(b)

New employer pensions information required by 6 July 2013

Employers are reminded that where they sponsor an occupational pension scheme they are required to provide certain information about their employees, to the scheme administrator of the pension scheme by 6 July 2013, in respect of pension input periods ending in the tax years 2011-12 and 2012-13. This is to enable the scheme administrator to calculate whether or not the employee has exceeded the annual allowance for those years.

The legislation doesn't provide an exact list of the information that needs to be given to the scheme administrator, but the scheme administrator must be given such information that will enable them to work out whether the employee has exceeded the annual allowance for pensions savings. It may therefore include details of an employees' pay for pension purposes and/or the numbers of hours worked by the employee.

This information is then used by the scheme administrator to provide the employee with a pension savings statement where they have exceeded the annual allowance. If you think you are affected by this, you may wish to check with your pension scheme administrator precisely what information they require.

Further information can be found at
http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM06107530.htm.

New Helpline telephone numbers
New telephone numbers for VAT, National Insurance, Income Tax, Self Assessment Helplines
HMRC introduces cheaper rate '0300' telephone Helplines for VAT, National Insurance, Income Tax and Self Assessment.

Basic PAYE Tools – latest update
PAYE for employers: Basic PAYE Tools - Real Time Information
Basic PAYE Tools - RTI has been updated. Version 13.1.13137 is now available. This latest version fixes a few minor issues.

Correct address for submitting paper forms
Addresses for submitting paper forms P11D, P11D(b) and S336 claims
When submitting paper forms P11D, P11D(b) or S336 claims you should check the address you need to send them to.

HMRC STAKEHOLDER UPDATE - NUMBER 23

24 June 2013

HMRC has circulated their twenty third informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information
Real Time Information Pilot Employers and 2012-13 end-of-year penalties
Clarification of the end-of-year penalty position.

Real Time Information and paying HMRC
A reminder of the PAYE payment position for employers reporting PAYE in real time as many employers are still getting used to this new way of reporting.

PAYE for employers: Real Time Information and annual PAYE schemes
When annual PAYE schemes should send in their Full Payment Submissions.

HMRC STAKEHOLDER UPDATE - NUMBER 24

28 June 2013

HMRC has circulated their twenty fourth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Single HMRC Bank Account for employers
When making your quarterly payment of PAYE and Class 1 NICs (including Construction Industry Scheme (CIS) and Student Loan deductions) please make sure you pay to the correct HMRC bank account, which is now the same account for everyone (apart from Government Banking Service (GBS) customers):

- Sort code: 08 32 10
- Account number: 12001039
- Account name: HMRC Cumbernauld

And if you use a pre-filled / drop down menu please ensure the one you select uses the correct details, matching the information above.

For example, when paying PAYE do not select HMRC NIC Quarterly bill as that is for Class 2 National Insurance payments.

Agent Update publication

Agent Update 36 (PDF 512K)
The bi-monthly round up of the latest developments in tax, HMRC service and consultations for accountants and tax professionals and a section on the latest news and issues from the Working Together network.

Registering to receive Agent Update reminders
HMRC identified a problem with the online form which means registrations between 18 April and 21 June 2013 may not have been submitted. HMRC recommends that you resubmit your details and apologises for any inconvenience caused.

HMRC STAKEHOLDER UPDATE - NUMBER 25

5 July 2013

HMRC has circulated their twenty fifth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

PAYE for employers - employers who were part of the RTI pilot in 2012-13
Reminder about the 2012-13 Return of Class 1A National Insurance contributions - form P11D(b).

PAYE for employers: Real Time Information and annual PAYE schemes
An update on processing requests for annual schemes.

PAYE Desktop Viewer - update
PAYE Desktop Viewer (PDV) - required update for all users
HMRC has updated the PDV application. All PDV users should download and install the new version of the PDV now to ensure that they can view the latest versions of these notices.

Have you signed up for free business advice emails from HMRC?
An improved, more tailored service was launched on 1 July 2013 that provides a series of tax related help and support emails, giving you and your business clear guidance on specific topics.

The emails cover areas such as record keeping, when and how to complete tax returns and when tax payments are due; and will point you to suitable guidance on the HMRC website or GOV.UK, to Webinars and to help videos on YouTube.

If you are already using our online services, you can log in using your User ID and Password and add the service from the 'Your HMRC Services' page.
Find out more at www.hmrc.gov.uk/startingup/help-support.htm

Reserves in the Future Force 2020: Valuable and Valued
On 3 July 2013, the Ministry of Defence published the Reserves White Paper, *Reserves in the Future Force 2020: Valuable and Valued*. You can find the text at:
www.gov.uk/government/consultations/future-reserves-2020-consultation

The White Paper was informed by a public consultation which received over 3000 responses from a range of groups including reservists, their families, employers and regulars. A summary of responses received during the consultation has been published alongside the White Paper

The White Paper outlines the new proposition for employers, which includes financial awards to small businesses and a streamlined process for applying for financial assistance. The benefits of reserve service will be better explained and civilian accreditation of military training will be extended. A new scheme to recognise employers - underpinned by the Corporate Covenant - will be introduced.

MOD are developing open and predictable relationships by ensuring employers know who their reservists are, have better notice of training and mobilisation, and get feedback when a reservist has been mobilised. A National Relationship Management scheme to address national employers and trade bodies will be established and MOD will also work with employers and educational organisations to find opportunities for those between education and work, or for those not in education, work or training.

The consultation began a three way dialogue with reservists, their employers and Defence which MOD will seek to continue in future. Please use the link to forward the White Paper as widely as you can.

National Insurance position of people affected by entry of Croatia into EU
National Insurance: Croatia to join the EU on 1 July 2013
From 1 July 2013 Croatia becomes an EU Member State. EC Regulation 883/2004 will apply and the rules that they contain can affect the NICs position of people who move between EU Member States to live and work.

HMRC STAKEHOLDER UPDATE - NUMBER 26

12 JULY 2013

HMRC has circulated their twenty sixth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

HMRC Online Services – an updated product
Tax agents and advisers: HMRC Online Services - an updated product
HM Revenue & Customs (HMRC) has produced a new presentation which focuses on small and medium enterprises, and registering for HMRC taxes online. Agents can request an HMRC speaker to present this for their event or meeting.

Dishonest conduct by tax agents – change to guidance
Dishonest conduct by tax agents
HMRC has made changes to guidance as a result of feedback received from external customers.

Home Office Consultation: Strengthening and simplifying the civil penalty scheme to prevent illegal working

The Home Office has published a consultation on measures to reform the civil penalty scheme to prevent illegal working. It seeks views on their proposals to strengthen and simplify the current civil penalty scheme to prevent illegal migrant working.

Employers already have a responsibility to check that their employees have the right to work in the UK, and since 2008 this has been underpinned by a civil penalty scheme. This has been successful in requiring employers to make right to work checks and imposing a sanction on those who do not. The Home Office propose to further refine these requirements to get tougher on employers who continue to exploit illegal migrant workers. In parallel, and mindful of the burdens on legitimate businesses, they propose a number of measures to significantly reduce the administrative costs of complying with the requirements to make checks.

The consultation (that launched on 9th July 2013) will inform the development of proposals for the Immigration Bill and future secondary legislation and they would welcome your views.

The consultation document and online questionnaire are available on the Home Office website.

If you have any questions about the consultation, please contact them at the following email address; homeofficeillegalworkingconsultation@homeoffice.gsi.gov.uk

Consultation on Coding Out
https://www.gov.uk/government/consultations/how-to-improve-hmrcs-collection-of-debt-coding-out
A consultation issued on 11 July seeking views on proposed changes to the limits for coding out of debts and tax underpayments. The closing date for this consultation is 5 September.

HMRC STAKEHOLDER UPDATE - NUMBER 27

19 July 2013

HMRC has circulated their twenty sixth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

Real Time Information: Filing and paying HMRC

This is an update on HM Revenue & Customs' earlier messages about the PAYE filing and payment position for employers reporting PAYE in real time. It will be of particular interest to employers who pay HMRC quarterly and/or have class 1A NIC liability for 2012-13.

PAYE for employers: Real Time Information and hours worked

A reminder for employers of the importance of accurately recording the hours that their employees have worked.

New Online End of Year Expenses and Benefits Service

New online end of year expenses and benefits service

Information for employers who have been unable to submit forms P11D, P11D(b) and P9D using the new online service.

PAYE: P11D(b) Return of Class 1A National Insurance Contributions – 3rd Interim Penalty for outstanding 2011-12 returns

On 15 July 2013 HMRC started to send third interim penalty notices where our records show that we have still not received your 2011-12 P11D(b) Annual Return of Class 1A National Insurance Contributions due.

It is now 12 months after the filing date of 6 July 2012. We issued reminders to file in June 2012 and first and second penalty notices in November 2012 and March 2013.

The penalty will be £100 for every 50 employees for each month your return has remained outstanding from 7 March 2013 to 6 July 2013.

If you wish to appeal against the penalty notice, you must write to the office shown on the notice within 30 days stating why you think the penalty notice is wrong.

Completing form P11D(b)

How to pay Class 1A National Insurance

HMRC STAKEHOLDER UPDATE – NUMBER 28

26 July 2013

HMRC has circulated their twenty eighth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information
HMRC seeking to extend RTI reporting relaxation for smaller businesses
HMRC has published draft regulations for consultation on a proposed extension of the RTI reporting relaxation. This proposed relaxation, for employers with fewer than 50 employees, will run until 5 April 2014.

Real Time Information: top tips for employers sending their first submission

Some helpful information for employers who are preparing their first Employer Alignment Submission and Full Payment Submission.

PAYE for Employers
PAYE for employers - 'Week 53' payments and potential employee tax underpayments
Clarification for employers whose employees might be affected by 'week 53' payments where they are paid weekly, 2-weekly or 4-weekly and the last payday for 2012-13 fell on 5 April 2013.

New Helpline Telephone Numbers
New numbers for CIS, SA Orderline, Payment Enquiry Line and SA Payments lines
HMRC introduces cheaper rate '0300' telephone helplines for Construction Industry Scheme, SA Orderline, Payment Enquiry Line and SA Payments Lines.

Toolkits update
Toolkits to help minimise common errors - update
HM Revenue & Customs has published the updated VAT Partial Exemption, VAT Input and VAT Output toolkits. The purpose of the toolkits is to assist agents when completing their client's returns.

HMRC STAKEHOLDER UPDATE - NUMBER 29

2 August 2013

HMRC has circulated their twenty ninth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information
The move to reporting PAYE in real time continues to go well. As of 31 July 2013 we had received over 10 million PAYE submissions in real time since 6 April 2013.

Real Time Information and annual schemes
HMRC is now processing requests for annual schemes.

Online End of Year Expenses and Benefits Service
Remember that HMRC agreed to extend the P11D, P11D(b) and P9D filing deadlines for employers and agents who experienced problems with the new online service. If you are among those customers who experienced difficulties and haven't yet filed, download the latest forms, follow the guidance on our web pages and file before 4th August to avoid a penalty notice.

Further information about the extended deadline is available in our 'What's new?' pages.

Consultation – summary of responses
Summary of Responses: Supporting customers who need extra help - a new approach
HMRC has published a summary of responses to the recent consultation on 'Supporting customers who need extra help - a new approach'.

HMRC STAKEHOLDER UPDATE - NUMBER 30

9 August 2013

HMRC has circulated their thirtieth informal weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Construction Industry Scheme - repayment claims for companies
We have produced a checklist for companies to use prior to sending in a repayment claim. The checklist contains details of the top issues that are likely to affect how quickly we can process a claim.
CIS checklist

Self-certification of employee share schemes and online filing of share scheme forms
In December 2012, the Government announced that it would introduce self-certification of Share Incentive Plans (SIP), Save As You Earn schemes (SAYE) and Company Share Option Plans (CSOP), and online filing for all share scheme forms. This follows recommendations made by the Office of Tax Simplification in its report on tax advantaged employee share schemes, published in March 2012.

While the final details are subject to further development and discussion with stakeholders, we have produced **an outline** of how it is proposed that the relevant processes will operate for customers, along with anticipated implementation dates.

We are developing these arrangements with customers through our Employment Related Securities (ERS) stakeholder forum and sub groups. Further details and draft legislation will be published on our website later this year.

Employer Further Guide to PAYE and NICs - CWG2
Corrections have been made to the **CWG2 helpbook**: page 46 - example calculation, page 52 and 53 - update to reflect that Croatia has joined the EU; page 65 - chart entry 'Vouchers' what to include on the payroll record.

Consultation: Tax-Free Childcare
A **consultation** seeking views on the Government's plans to introduce Tax-Free Childcare for working families, and additional assistance with childcare for parents through Universal Credit.

The closing date for this consultation is 14 October 2013.

As part of this consultation HMRC and HM Treasury will work with employers and the payroll industry to explore how the transition from Employer-Supported Childcare to Tax-Free Childcare can work best for employers, and how those employers that wish to can continue to be involved in helping their employees with childcare.

If you would like to be involved in these discussions, please express an interest by emailing tax-free.childcare@hmrc.gsi.gov.uk.

HMRC STAKEHOLDER UPDATE - NUMBER 31

19 August 2013

HMRC has circulated their thirty-first weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

Real Time Information - reconciling PAYE charges

Help with reconciling PAYE charges.

HMRC announces new arrangements for verifying visits to customers

New safeguards for debt collection visits

HM Revenue & Customs announces new arrangements for verifying visits to customers by Debt Management & Banking Field Force collectors.

What to expect when we visit you (version for England, N.Ireland and Wales)

This is a leaflet explains what to expect if HMRC visits you in order to collect an amount you owe.

What to expect when we visit you (version for Scotland)

This is a leaflet explains what to expect if HMRC visits you in order to collect an amount you owe.

HMRC STAKEHOLDER UPDATE - NUMBER 32

26 August 2013

HMRC has circulated their thirty-second weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

Real Time information - completing the Annual Amount of Occupational Pension field

More information on correctly completing this field on your Full Payment Submission.

Forms R68(i) – Gift Aid repayment claims

Sign up for Charities Online by 30 September

HM Revenue & Customs (HMRC) will stop accepting Gift Aid repayment claims on R68(i) forms after 30 September 2013.

HMRC Basic Guide for Software Developers

Basic Guide for Software Developers (PDF 71K)

This guide replaces the 'Introduction to Developing Software for HMRC' aimed at software developers that are new or inexperienced in developing software in respect of HM Revenue & Customs (HMRC) online services.

HMRC stakeholder update – number 33

2 September 2013

HMRC has circulated their thirty-third weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

Employers sending PAYE information in real time are being encouraged to take part in an online survey – closing date extended to 20 September 2013.

Have your say: Real Time Information (RTI) survey

HMRC Advisory Fuel Rates updated

HM Revenue & Customs has published the advisory fuel rates to operate from 1 September 2013.

PAYE for employers: Advisory Fuel Rates updated

New 0300 numbers for Stamp Taxes Helplines

HMRC introduces cheaper rate '0300' telephone numbers for Stamp Taxes Helplines.

New numbers for HM Revenue & Customs (HMRC) Stamp Taxes Helplines

Requests for confirmation of employment history

If you need to make a claim for compensation and you require confirmation of your employment history, please follow the updated guidance.

How to request employment histories for compensation claims

Change to legislation for agricultural vehicles

Following consultation on draft legislation to allow tractors and light agricultural vehicles to use rebated fuel ('red diesel') when gritting roads, HM Revenue & Customs (HMRC) has announced that the change will be extended to include 'agricultural material handlers'.

Legal change to allow agricultural vehicles to use red diesel for gritting roads

HMRC stakeholder update - number 34

9 September 2013

HMRC has circulated their thirty-fourth weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

Known RTI issue affecting student loan borrowers
A small number of student loan borrowers' employments have been incorrectly ceased on HM Revenue & Customs (HMRC's) systems, leading to employee queries regarding correspondence from the Student Loans Company.

PAYE in real time: contacting employers who have missed deadlines

HMRC is sending letters to employers who haven't started sending their PAYE real time submissions.

End of the Regional Employer National Insurance Contributions (NICs) Holiday Scheme for New Businesses

If you successfully applied for the Regional Employer NICs Holiday scheme, (which may have entitled you to claim a credit against employer NICs payable during the first half of 2013-14) you or your agent will shortly receive a letter reminding you that

- this scheme ended on **5 September 2013** and
- all employer NICs due on earnings for periods after 5 September will be payable to HMRC in full and without deduction. (For information about calculating the employer NICs due as the holiday ends go to www.hmrc.gov.uk/payerti/getting-started/nics-holiday/calc.htm)

If you were entitled to a credit for employer NICs relating to earnings paid in the period 6 April to 5 September 2013 but have not yet made a claim then please make sure you submit an Employer Payment Summary (EPS) as soon as possible. Go to www.hmrc.gov.uk/payerti/reporting/what-to-report.htm#8 for information about what to report on an EPS.

End of Year Return

A NICs Holiday End of Year Return for 2013-14 (Form E92 and E89(s)) will be sent to you in March 2014 so that you can provide a breakdown of the amount of employer NICs that you withheld during the period 6 April to the scheme's closure on 5 September 2013.

Employee shareholder – new employment status

Employee shareholder

Employee shareholder is a new employment status, available from 1 September 2013. HM Revenue and Customs have published guidance on tax rules that apply to the new status.

Alternative Dispute Resolution (ADR)

Alternative Dispute Resolution (ADR) for SMEs and individuals - A new way

After a two year trial and extensive consultation with professional bodies and the voluntary sector, ADR becomes part of normal HMRC business.

Toolkits - update

Toolkits to help minimise common errors - update

HMRC has reviewed, refreshed and republished the Small Profits Rate and Marginal Relief Toolkit. The Toolkits are designed to help agents avoid common errors when preparing for and completing their clients' 2012-13 returns.

New HMRC videos about tools and agent services

Tax agents and advisers - updated videos

HM Revenue & Customs (HMRC) has published new videos about the tools and agent services that are available to make dealing with HMRC easier, and how you can use HMRC's agent toolkits to help reduce errors in returns.

HMRC stakeholder update - number 36

20 September 2013

HMRC has circulated their thirty-sixth weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Reporting PAYE in real time - temporary relaxation extended

Following feedback from stakeholders, we said we would review extending the reporting relaxation for smaller businesses to 5 April 2014 to tie in with the full tax year. We announced a four-week consultation period on this extension, starting on 22 July.

We can now confirm that the reporting extension has been agreed and this relaxation will remain in place until 5 April 2014. Under this relaxation, employers with fewer than 50 employees who pay their employees weekly or more frequently are still required to report through the new system, but are able to do so once a month (but no later than the end of the tax month - 5th), rather than each time they pay their employees.

Employees reaching State Pension

New guidance has been published on what to do when an employee reaches State Pension age and is still working for you.

'What's new' page survey

We would like to know how you use the 'What's new' page and are currently running a survey to make sure any future updates meet users' needs. The survey closes on 27 September.

Contractor loan schemes

Tax assessments are being sent out to contractors and other individuals who used contractor loan schemes to reduce their tax.

Employment-Related Shares & Securities

The tenth Employment-Related Shares & Securities Bulletin has been published. It includes information and updates on developments relating to employment securities, including the tax-advantaged employee share schemes.

Requirement to report PAYE in real time from April 2014: Direction for employers

The Commissioners for HMRC have made a Direction requiring EXAM or ELECT scheme employers previously under the provisions of agreements under regulation 141 of the PAYE Regulations, to report PAYE information in real time from April 2014.

Checklist for Limited Company Subcontractors claiming back CIS deductions

A leaflet has been published covering 'The Top Ten Tips' to help limited company subcontractors and their agents reclaim any deductions they have taken from their payments under the Construction Industry Scheme.

Withholding repayment claims in avoidance cases

A brief has been published outlining our policy on withholding repayment claims in avoidance cases. Our aim is to stop tax avoiders from acquiring an advantage, even a temporary advantage, over the majority of taxpayers who don't try to get around the rules.

HMRC stakeholder update - number 37

30 September 2013

HMRC has circulated their thirty-seventh weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

Real Time Information - Reconciling 2013-14 PAYE charges

HM Revenue & Customs (HMRC) has published a report into the findings from an analysis of disputed PAYE charges.

Real Time Information (RTI) survey closed on 20th September - thank you to all who took part

HM Revenue & Customs (HMRC) will analyse the feedback received alongside other customer insight work and evidence and consider options, before making recommendations to Ministers in November. We will continue to keep key stakeholders updated with progress, and engage with them on the options.

Employer Bulletin – Issue 45

Employer Bulletin Issue 45

Issue 45 of the Employer Bulletin is now available. Aimed at employers and agents, it contains important information and news about topics which may affect payroll obligations to HM Revenue & Customs (HMRC).

More 0300 Helpline telephone numbers

New numbers for Corporation Tax, Tax credits and others

HMRC introduces new 0300 and 0345 telephone helplines for Corporation Tax, Tax credits, Blind Persons priority line and Retirement Annuity contracts.

Toolkits update

Toolkits to help minimise common errors – update

HM Revenue & Customs (HMRC) has published the updated Inheritance Tax Toolkit to help agents avoid making common errors when completing form IHT400. This toolkit is effective for deaths occurring on or after 6 April 2013.

HMRC stakeholder update - number 38

7 October 2013

HMRC has circulated their thirty-eighth weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

PAYE for employers: Real Time Information and Exam and Elect employers

HM Revenue & Customs (HMRC) are writing to Exam and Elect scheme employers about reporting PAYE in real time from April 2014.

Expatriate Employers

PAYE for employers: Update to Expatriate Employers Frequently Asked Questions

The questions and answers now include important information for users of EP Appendix 5 and 6.

New 0300 Helpline numbers

New number for Probate, Inheritance Tax, Trust and Deceased Helplines

HM Revenue & Customs (HMRC) introduce more 0300 telephone numbers for Probate, Inheritance Tax, Trust and Deceased Helplines and changes to other helpline numbers.

New Gift Aid guidance

New and updated charity guidance

HM Revenue & Customs (HMRC) have published a Gift Aid Small Donations Scheme helpsheet and have also updated the detailed guidance on both non-charitable expenditure and tainted charity donations.

HMRC stakeholder update - number 39

14 October 2013

HMRC has circulated their thirty-ninth weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Online Services system upgrade postponed

HM Revenue & Customs Online Services system upgrade postponed

We have decided to postpone this weekend's scheduled upgrade of our systems and we are sorry if this has caused you any inconvenience.

Tax Agent Strategy – updated guidance

HM Revenue & Customs (HMRC) relationship with tax agents

HMRC has updated their guidance on the Tax Agent Strategy - including an update on the Agent and Client Statistics pilot.

Gift Aid repayments

Gift Aid repayments - no more R68(i) claims

HM Revenue & Customs (HMRC) no longer accept Gift Aid repayment claims made on R68(i) forms. You must now use the Charities Online service.

Pension Scheme members – new Checking Tool

Pension Statements and the Annual Allowance Checking Tool

A new tool has been released so that pension scheme members can check whether they need to calculate an annual allowance tax liability and complete a Self Assessment tax return.

HMRC stakeholder update - number 40

18 October 2013

HMRC has circulated their fortieth weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Postponed IT upgrade will take place this weekend (Friday 18th October from 8pm)

HM Revenue & Customs (HMRC) online services: maintenance work to go ahead this weekend

The postponed IT upgrade will take place this weekend and to lessen the impact on you and your business we are reducing to an absolute minimum the time necessary to make the changes.

Pay As You Earn (PAYE)

Pay PAYE Settlement Agreements

Make sure you pay 2012-13 PAYE Settlement Agreement payments of tax and Class 1B NICs by the deadline or you may get a late payment penalty. When paying use the reference number on your PSA payslip beginning with 'X', not your Accounts Office reference.

The National Insurance Contributions (NICs) Employment Allowance

Up to £2,000 off Employer Class 1 NICs each year from 6 April 2014

Chancellor's Autumn Statement 4 December 2013

The Autumn Statement 2013 will be made by the Chancellor of the Exchequer, George Osborne on Wednesday 4 December.

Qualifying Recognised Overseas Pension Scheme – amended forms

New QROPS forms APSS 251 and APSS 253

These forms have been amended as a result of Statutory Instrument 2259 and should be used from 14 October 2013.

HMRC stakeholder update - number 41

28 October 2013

HMRC has circulated their forty-first weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

PAYE Real Time Information: Filing and paying HMRC

A reminder to employers about the PAYE filing and payment position for employers reporting PAYE in real time.

Helping employers keep up to date with their PAYE

From today HM Revenue & Customs (HMRC) are introducing a series of new electronic messages to help employers keep their PAYE up to date.

Pay As You Earn (PAYE)

Automatic cancellation of a PAYE scheme

From 28 October 2013 HM Revenue & Customs (HMRC) will be issuing letters to employers to cancel PAYE schemes where there has been no activity for 120 days. We have also published a News Release about this.

PAYE Desktop Viewer (PDV) - required update for all users

HM Revenue and Customs (HMRC) has updated the PDV application. All PDV users should download and install the new version of the PDV now to ensure that they can view the latest versions of these notices.

Treatment of Class 2 contributions recovered through the PAYE tax code

The Department for Work & Pensions has published draft regulations about the treatment of class 2 contributions recovered by HM Revenue & Customs (HMRC) through the PAYE tax code for the purposes of social security benefits.

HMRC develops a new approach to Business Records Checks

HMRC are changing their Business Record Check activity to ensure it better targets help to those who are likely to have inadequate records.

Agent Update

Agent Update 38 (PDF 535K)

The bi-monthly round up of the latest developments in tax, HM Revenue & Customs (HMRC) service and consultations for accountants and tax professionals and a section on the latest news and issues from the Working Together network.

HMRC stakeholder update - number 42

4 November 2013

HMRC has circulated their forty-second weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

Basic PAYE Tools - new version

Basic PAYE Tools RTI has been updated - version 13.2.13232 is now available for users of Windows and Linux operating systems and version 13.2.13231 is available for users of the Mac operating system.

Government Gateway closure – Sunday 3rd November 2014

The Government Gateway will be closed between 09:00 and 17:00 on Sunday 3 November. This is due to planned maintenance. Although this is unrelated to Real Time Information (RTI), real-time PAYE submissions will be affected.

Employers using commercial software or HMRC's Basic PAYE Tools will not be able to send their real-time PAYE submissions during this time. Anyone who tries to submit at this time will receive a server error message and will to try again later.

We advise all our customers to send their real-time PAYE submissions before 9:00 or as soon as they reasonably can after the gateway reopens at 17:00 on Sunday 3 November. There are no penalties for sending submissions later in this instance.
We are very sorry for any inconvenience this may cause.

EDI customers are not affected.

Full details are available on our service availability page on our website.

Pay As You Earn (PAYE)

Outstanding Class 2 National Insurance Contributions to be collected from PAYE

From April 2014 HMRC may collect outstanding Class 2 NICs by adjusting the tax codes.

HMRC stakeholder update - number 43

11 November 2013

HMRC has circulated their forty-third weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Apology – HMRC apologise for reporting in Weekly Update 42 that the Government Gateway was closed between 9:00 and 17:00 on 3rd November 2014 – this should have read 3rd November 2013. As the date has now passed HMRC hope this didn't cause anyone too much inconvenience.

Employer Orderline – new contact number

Contact details for the Employer Orderline are changing – the new telephone number which is available to use now is **0300 123 1074.**

New approach to Business Records Checks – Update

HMRC develops a new approach to Business Records Checks
Update - this guidance has been amended. HMRC are changing their Business Record Check activity to ensure it better targets help to those who are likely to have inadequate records.

Employee bonuses tax avoidance scheme

Spotlight - Employee bonuses: avoidance scheme involving Restricted Securities
HMRC has published a new Spotlight about an employee bonuses tax avoidance scheme involving Restricted Securities.

Self Assessment deadline – guidance

Self Assessment deadline - information for agents
Guidance for tax agents and advisers to help manage the 31 January 2014 Self Assessment deadline has been published.

Red diesel – changes to rules for agricultural vehicles

Changes to rules on using red diesel for gritting with agricultural vehicles
Changes to Schedule 1 to the Hydrocarbon Oil Duties Act 1979 (HODA) allowing certain agricultural vehicles to use red diesel when gritting roads comes into force today.

HMRC stakeholder update - number 45

25 November 2013

HMRC has circulated their forty-fifth weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Percentage Threshold Scheme coming to an end

DWP is taking steps to abolish the Statutory Sick Pay (SSP) Percentage Threshold Scheme (PTS) at the end of the 2013/14 tax year. At that point, employers will have until the end of the 2015/16 tax year to recover SSP paid for sickness absences occurring before the end of the 2013/14 tax year. The associated SSP record-keeping requirements will also be abolished at the end of the 2013/14 tax year. Employers will, however, still be required to maintain records for Pay As You Earn (PAYE) purposes and to show they are meeting their SSP obligations, should HMRC require them.

The independent review of sickness absence showed PTS has not encouraged employers to actively manage sickness absence in the workplace and as a result, the Government decided to abolish the scheme and reinvest the money into funding a new Health and Work Service. This will provide an alternative form of support that will benefit employers by enabling employees on sickness absence to, where possible, return to work more quickly and also assist employers to better manage sickness absence.

Please see the Health, Work and Wellbeing initiative site on Gov.uk for further information.

National Insurance Contributions (NICs) Bill 14 October 2013

The National Insurance Contributions (NICs) 14 October 2013 includes draft arrangements for claiming the NICs Employment Allowance from 6 April 2014 and draft NICs Regulations for Offshore Employers and oil and gas workers on the UK Continental Shelf.

Employee Financed Retirement Benefit Schemes (EFRBS)

HMRC is writing to customers giving them an opportunity to settle open enquiries into the use of EFRBS arrangements by agreement and without needing to engage in litigation. This offer is intended to minimise costs for customers and HMRC.

HMRC stakeholder update - number 46

2 December 2013

HMRC has circulated their forty-sixth weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Advisory Fuel rate update

PAYE for employers: Advisory fuel rate updates

HMRC has published revised advisory fuel rates to operate from 1 December 2013.

Forms 64-8 deadline

Central Agent Authorisation Team turnaround times

HMRC advise dates that agents need to post forms 64-8 or apply for online authorisation to enable them to file clients Self Assessment returns by the 31 January deadline.

Pension Schemes information

Change to the Pension Schemes Services fax number

The fax number for Pension Schemes Services (PSS) has changed. If you need to send a fax to PSS please send it to 03000 564 568. All our contact details will be updated shortly.

Pension Schemes: Guidance on the taxation of unauthorised transfers to schemes included on the QROPS list (PDF 48K)

HMRC has today published this guidance for individuals, pension schemes and advisers on the taxation of unauthorised transfers to schemes included on the QROPS list. This guidance is related to the case of R (Gibson) v Commissioner for HM Revenue and Customs.

HMRC Service Delivery

Joint Initiative on HMRC Service Delivery

Read the latest joint statement published on the HMRC website.

Employment-Related Shares & Securities

Employment-Related Shares & Securities Bulletin (PDF 30K)

The eleventh Employment-Related Shares and Securities Bulletin providing information and updates on developments relating to employment-related securities, including the tax-advantaged employee share schemes has been published.

HMRC stakeholder update - number 47

9 December 2013

HMRC has circulated their forty-seventh weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

Real Time Information: legislative changes (Opens new window)

HMRC is seeking views on draft legislation about Real Time Information including penalties, direct collection and exempt employers.

Agent Update 39

Agent Update 39 (PDF 428K)

The bi-monthly round up of the latest developments in tax, HMRC service and consultations for accountants and tax professionals and a section on the latest news and issues from the Working Together network.

Gift Aid Scheme – update

Gift Aid Small Donations Scheme - mergers

Some charities and Community Amateur Sports Clubs (CASCs) were not aware of the time limit for notifying HMRC about mergers. HMRC will therefore accept late applications in some circumstances and will update guidance to make time limits clear.

HMRC stakeholder update - number 48

16 December 2013

HMRC has circulated their forty-eighth weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

PAYE Real Time Information: package of help announced for micro employers

Existing employers with nine or fewer employees will be able to report PAYE information on or before the last payday in the tax month until April 2016.

A new electronic message to help employers keep up to date with their PAYE

HMRC is introducing another new message to help employers keep their PAYE up to date

Autumn Statement 2013

Autumn Statement 2013

The Autumn Statement 2013 has been made by the Chancellor of the Exchequer, George Osborne.

Pay As You Earn (PAYE)

Pay your PAYE/Class 1 NIC on time

As 22 December is a Sunday, you may need to have cleared funds in HMRC's bank account by 20 December if you pay your PAYE electronically.

Unpaid Class 2 National Insurance Contributions to be collected from PAYE tax codes from 2014

If you are an employee and pay tax through Pay As You Earn (PAYE) or are paid a taxable UK based private pension, during January to March next year, you may receive an Annual Coding Notice (called a P2) for the next tax year 2014 to 15.

Dispatch of 2013-14 Payment Booklets

We are now commencing bulk dispatch of the 2014-15 Payment Booklets to Employers.

Further update on Dispatch of 2013 to 2014 Payment Booklets

There is a further update about the bulk dispatch of the 2014 to 2015 Payment Booklets to employers and the temporary suspension of dispatch of 2013 to 2014 Payment Booklets.

Toolkits to help minimise common errors - update

HMRC has reviewed and republished the toolkits affected by the recent update of the HMRC Business Income Manual (BIM).

Operating the correct Tax Code for employees

HMRC are seeing a substantial increase in calls from employees who believe their employers are not operating the correct Tax Code.

If you're taking on a new employee, it's important that you operate the correct tax code as soon as possible. To help you do this, you should review the guidance Notifying and getting new employee information right. Employees who can't provide a P45 should complete a new starter declaration and be advised to wait 35 days from the start of their employment to allow HMRC to determine whether a new tax code is required.

Before running your payroll, you must also check to see if any employees have been given a new tax code and operate that code at the next available pay date. This will avoid employees paying the incorrect amount of tax.

HMRC stakeholder update - number 49

23 December 2013

HMRC has circulated their forty-ninth and final weekly update for 2013 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

New email scam

New Phishing email scam - Employer Bulletin issue 45 (PDF 13K)

HMRC is aware of a bogus email being circulated advising customers that the latest version of the Employer Bulletin (issue 45) has just been published. The email has an attachment which should not be opened as this contains a virus.

Pay As You Earn (PAYE)

HMRC's Business Tax Dashboard and PAYE information

HMRC's Business Tax Dashboard may not display up to date month 5 information for some employers.

Another electronic message to help employers keep up to date with their PAYE

HMRC is introducing a new message to help employers keep their PAYE payments up to date.

CWG2(2013) Employer further guide to PAYE and NICs (PDF 1.7MB)

This helpbook has been amended: pages 35,41,42 for National Insurance, page 50 for students, page 55 for employees going abroad.

Percentage Threshold Scheme coming to an end and introduction of the Health and Work Service – update

As a result of the Government Response to the Sickness Absence Review, the abolition of the Statutory Sick Pay (SSP) Percentage Threshold Scheme (PTS) was announced in the 2013 budget. It is intended PTS will finish at the end of the 2013-14 tax year.

The money from PTS will be reinvested into funding the new Health and Work Service (HWS), which will support employers to better manage sickness absence and reduce sick-pay costs.

The service has two elements:

- an advice line and website offering general advice on issues impacting on health and work to anyone who needs it
- an occupational health assessment providing expert advice to employees who reach or who are expected to reach four weeks' sickness absence

Where appropriate, the service will produce a return to work plan and signpost employees to interventions.

GPs can refer employees who reach or are expected to reach four weeks' sickness absence. Employers may also refer an employee if at that point they have not already been referred by their GP.

In addition, Budget 2013 announced the Government would introduce a tax exemption for amounts up to £500 a year paid by employers for medical treatments for employees recommended by the Health and Work Service. In response to the consultation, the Government decided that in addition to the medical treatments recommended by the new service, it will extend the exemption to those recommended by employer-arranged occupational health services. Without such tax exemption, the payment would be liable to income tax and employer National Insurance contributions.

Details of the Health, Work and Wellbeing initiative can be found via this link.

Contracted-out Pensions – new Scheme Reconciliation Service

Scheme Reconciliation Service for contracted-out pensions

New Scheme Reconciliation Service for pension scheme administrators and trustees.

New online service for overseas scheme managers

QROPS Online Service launched

HMRC has launched an online service to help overseas scheme managers and UK scheme administrators meet their reporting requirements for Qualifying Recognised Overseas Pension Schemes (QROPS).

Scottish Rate Income Tax – update

Scottish rate Income Tax - update on relief at source

An update for pension scheme administrators on Scottish rate of Income Tax for relief at source on contributions to registered pension schemes by Scottish taxpayers.

HMRC stakeholder update - number 1

13 January 2014

HMRC has circulated their first weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Employer Payment Booklets – update

Employer Payment booklets update

Update about the bulk dispatch of the 2014 to 2015 Payment Booklets and the weekly dispatch of 2013 to 2014 in-year Payment Booklets to Employers.

Statutory Payment Rates

Statutory Payment information is currently on the GOV.UK website and is included (on pages 12 & 13) in the Proposed benefit and pension rates 2014-2015.

Deadline for certain employers operating the Intermediaries (IR35) legislation

Employers who submitted a provisional P35 for 2012-13 and paid tax/NICs on account in line with the special rules for intermediaries have until 31 January 2014 to submit an amended P35 and pay any additional tax/NICs due. Further information can be found here.

HMRC stakeholder update - number 2

20 January 2014

HMRC has circulated their first weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

HMRC has updated various areas of their guidance:

Pay As You Earn (PAYE)
The following guides are now live on the HMRC website, to provide employers with advance notice of new data items for 2014-15, and any resulting changes to the PAYE reporting process, as well as some basic information on the new online appeals facility from April 2014:

- What payroll information to report to include the new data items for 2014-15 onwards
- When to report your payroll information to cover the 'Late reporting reason' that can be entered on a Full Payment Submission (FPS)
- Starting the tax year to explain that employers can make a 2014-15 PAYE submission from 6 March 2014
- Correcting payroll errors - current year to cover late reporting reason 'H - Correction to an earlier submission'
- When an employee leaves or retires to cover late reporting reason 'H - Correction to an earlier submission'
- If you've overpaid or underpaid in error about providing bank account details on an Employer Payment Summary (EPS)
- Earlier Year Update (EYU) checklist to include the new data items on an 2013-14 EYU
- Using HMRC's Online Service - PAYE for employers which provides details of the new online appeals facility for 2014-15
- Late payment penalties which also provides details of the new online appeals facility
- What happens if you don't report payroll information on time which covers reasonable excuse and the new online appeals facility
- Guidance for employers exempt from filing or unable to file online which provides more information on paper filing from 2014-15 onwards

HMRC has also updated the following guidance to provide more information on making a final PAYE submission for a tax year:

PAYE final submission for the year and end-of-year tasks

HMRC stakeholder update - number 3

27 January 2014

HMRC has circulated their third weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information

PAYE real time submissions: changes to reports you send HMRC from April 2014

HMRC has made updates to a number of PAYE guidance pages to reflect changes employers will see from April 2014.

Real Time Information: Filing and paying HMRC

A further reminder to employers about the PAYE filing and payment position for employers reporting PAYE in real time.

Pay As You Earn

PAYE details for 2013-14: tax month 8

HMRC's Business Tax Dashboard is not showing the correct payment position for tax month 8 for some PAYE schemes.
Please note that we updated this message on Thursday 23 January to expand on the errors an employer might see.

Share Schemes

Share Schemes - Information returns for the year ending 5 April 2014

Form 34 (2014) SAYE option scheme, Form 35 (2014) Company Share Option Plan (CSOP), Form 39 (2014) Share Incentive Plan, and EMI 40 (2014) Enterprise Management Incentives, have now been published.

Share Schemes - Information returns for the year ending 5 April 2014

Form 42 (2014) Employment-related securities has now been published.

Employment Related Securities - administration changes

HMRC is changing the way both new and existing employee share schemes and arrangements are administered.

Percentage Threshold Scheme ending

The abolition of the Statutory Sick Pay (SSP) Percentage Threshold Scheme (PTS) was announced in the 2013 budget. This was as a result of the Government Response to the Sickness Absence Review. It is intended PTS will finish at the end of the 2013-14 tax year. From 6 April 2014 employers will no longer be able to make new claims under the scheme. Employers will have until the end of the 2015-16 tax year to recover SSP paid before the end of the 2013-14 tax year. Guidance will be made available on the GOV.UK, HMRC website.

The current SSP record-keeping requirements associated with PTS will also be abolished from 6 April 2014. However, employers will still be required to maintain SSP records for Pay As You Earn (PAYE) purposes and will still have the obligation to produce SSP records to meet SSP legal obligations, should HMRC require them. Guidance will be made available on the GOV.UK, HMRC website.

The money from PTS will be reinvested in the new Health and Work Service, which will provide independent occupational health advice to all employers. It is expected to be introduced from late 2014.

Details of the Health, Work and Wellbeing initiative referred to in the Government Response can be found via this link.

Payroll Giving

Payroll Giving: Consultation of draft regulations on donation hand over time

HMRC is consulting on draft regulations to reduce Payroll Giving donation hand over time. In most cases, these new regulations would require Payroll Giving Agents to hand over donations to charities within a maximum of 35, instead of, 60 days.

HMRC stakeholder update - number 4

3 February 2014

HMRC has circulated their fourth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Business Tax Dashboard - PAYE details for 2013-14: tax months 9 & 10

PAYE details for 2013-14: tax months 9 and 10

HMRC's Business Tax Dashboard is not showing the correct liability position for tax months 9 and 10 for some PAYE schemes.

Mandating the Scheme Contracted-Out Number (SCON) via Real Time Information submissions

From 6 April 2014 employers will be legally required to show the relevant Scheme Contracted-Out Number (SCON), in addition to the Employer's Contracting-out Number (ECON), on their Full Payment Submissions (FPS) when submitting contracted-out National Insurance contributions for employees who have been in a contracted-out scheme during the tax year. Please read the Employer Bulletin due to be published on 17 February 2014 for more details.

Charities & Tax – updated guidance

Charities & Tax: the basics

HMRC has updated its guidance for when charities need to complete a tax return. It explains the importance of always filing Tax returns within the time limits to avoid incurring a penalty even if there is no tax to pay.

Construction Industry – change to CITB levy

Construction Industry Training Board (CITB) Levy deductions (PDF 13K)

Change to the CITB levy on employers or contractors.

Onshore employment intermediaries: false self-employment

Consultation document – updated information

The government is consulting on legislation to prevent the use of employment intermediaries to avoid National Insurance contribution and income tax by presenting employment relationship falsely as self employment.

HMRC stakeholder update - number 5

10 February 2014

HMRC has circulated their fifth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Genuine HMRC contacts

Text messages

HMRC will be sending text messages (SMS messages) to some customers to acknowledge receipt of their claim for tax credits. The messages will be sent for a short period starting 5 February.

Employment Allowance

National Insurance Contributions (NICs) Employment Allowance

Get up to £2,000 reduction in your employer Class 1 NICs payments each tax year from April 2014 - Guidance for Employers

HMRC stakeholder update - number 6

14 February 2014

HMRC has circulated their sixth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Help for HMRC customers affected by flooding

HMRC appreciate that some individuals and businesses may find it difficult to meet their tax obligations to us due to the severe floods.

Electronic messages to employers

HMRC has issued electronic warnings to employers who have not submitted the number of returns expected during the January tax month.

Non-standard Scheme letters

Between 10 and 24 February HMRC is issuing letters to all employers who operate Care and Support, Examination Fees and Electoral Payment PAYE schemes to remind them that from 6 April 2014 they will need to change the way they report their PAYE.

HMRC unveils new timetable for RTI penalties

There will be a staggered start to the introduction of Real Time Information (RTI) penalties. There are full details in our press release of 12/02/14

Improved digital services from HMRC

Following HMRC's Digital Strategy published in December 2012, HMRC is launching pilots for 3 new digital services. These will be tested with a small number of customers from February 2014.

Percentage Threshold Scheme (PTS) ending and introduction of the Health and Work Service

The HMRC Employer Bulletin February 2014 will contain an article headed "Percentage Threshold Scheme Ends". This article gives more in depth information about the ending of PTS and how it will impact employers. From 17 February 2014 the Employer Bulletin will be available to view through this link.

There may be circumstances when an employer may not be due to pay an employee for a period of sickness up to 5th April 2014 until after this date. If some of the Statutory Sick Pay (SSP) paid after 5 April 2014 can be recovered under the PTS, it cannot be done through Real Time Information (RTI).

What you need to do

If SSP is not paid to an employee for a period of sickness up to 5th April 2014 until after this date, a clerical application for any PTS due will need to be made. HMRC confirmed that this can be done by completing form SP32 (as reported by the CIPP on 6 February).

What happens next

Once HMRC has received the completed form, and validated the information, a payment for the amount of PTS due will be issued.

If SSP has been paid in a closed tax-year up to 2013-14 and PTS has not been claimed then follow normal procedures. Guidance can be found here.

Currently you can make a late claim for PTS for the previous 6 years; however from 6th April 2016 no further claims for PTS can be made.

Employment-Related Shares & Securities Bulletin

The thirteenth Employment-Related Shares and Securities Bulletin providing information and updates on developments relating to employment-related securities, including the tax-advantaged employee share schemes, has been published.

HMRC stakeholder update - number 7

24 February 2014

HMRC has circulated their seventh weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

(The following are all items that have been previously published on the CIPP news pages).

Employers' final PAYE submission for 2013-14

With the end of the 2013-14 tax year approaching, employers will soon be making their final 2013-14 PAYE submission. This year, employers should not complete a P35 or P14.

Employer Bulletin Issue 46

Issue 46 of the Employer Bulletin is now available. Aimed at employers and agents, it contains important information and news about topics which may affect payroll obligations to HMRC.

HMRC relationship with tax agents

HMRC has updated their guidance on the Tax Agent Strategy - including an update on the new online services for agents.

Publishing details of deliberate defaulters

Subject to certain stringent conditions, anyone who has deliberately defaulted on their tax responsibilities will have their details published by HMRC. This is the fifth published list of deliberate defaulters who meet those conditions.

HMRC stakeholder update - number 8

3 March 2014

HMRC has circulated their eighth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Common reasons for contacting HMRC

We have been working with colleagues from our Contact Centres to identify the most common reasons for contact over the last four weeks where the information is already available on our website. The link below contains details of the ten most frequently asked questions during February and some pointers as to where customers may find answers.

HMRC Frequently asked questions

Amended PAYE Regulations

Amendments to Regulation 72E & F of Pay As You Earn (PAYE) regulatios

HMRC has published draft Statutory Instrument making amendments to the Income Tax (PAYE) Regulations 2003 with accompanying Explanatory Memoranda and TIIN in respect to changes to Regulation 72E and F. Questions or comments on the draft Statutory Instruments should be submitted no later than 9 March 2014.

Charities Online demonstrator has been improved

HMRC has updated the Charities Online Demonstrator to help you submit your Gift Aid repayment claims online.

Withdrawal of National Insurance Number Tracing Service

The CA6855 clerical tracing service is to be withdrawn from 31 March 2014.

HMRC stakeholder update - number 9

10 March 2014

HMRC has circulated their ninth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Final PAYE submission – help on YouTube
HMRC has published a 3-step guide on YouTube to help employers make a successful final PAYE submission.

Advisory Fuel Rates updated
HMRC has published Advisory Fuel Rates to operate from 1 March 2014.

Reading Student Loan SL1 notices with the PAYE Desktop Viewer (PDV)
Each year in February/March, HMRC issues large numbers of Student Loan notices for the new tax year. But because the PDV viewing feature normally only shows you notices for the

current tax year, you'll have to select the next 'Tax Year' from the drop down box and enter the appropriate dates if you want to see these notices before the next year starts on 6 April.

Statutory Sick Pay (SSP) – Advance Funding/Reimbursement
Advance funding/ reimbursement of SSP will cease from April 2014. Any claims received before this date for periods of sickness up to 5th April 2014 will be actioned but no new claims will be accepted. This is due to the abolition of the Percentage Threshold Scheme which is due to cease from 6th April 2014. From that date employers will need to fully self-fund any payments of SSP.

Basic PAYE Tools
HMRC plans to make its Basic PAYE Tools product for the 2014-15 tax year available on 3 April 2014.

Penalties – new webinar available
HMRC have produced a new bitesize video and pre-recorded webinar which will help tax agents and advisers learn more about penalties for inaccuracies in documents and returns.

Contracted-out employment
The first Countdown to end of Contracting-out bulletin for Pension Scheme Administrators and Trustees providing information about the end of Contracting-out has been published.

Apparent Un-notified Terminations
Information for pension scheme administrators on accounts with Apparent Un-notified Terminations.

Gift Aid – improved guidance
HMRC has improved its guidance to explain the time limits for charities and CASCs to apply for confirmation they can take over the claims history of a previous charity or CASC after merger.

HMRC stakeholder update - number 10

17 March 2014

HMRC has circulated their tenth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Reconciling PAYE charges

Steps employers can take to eliminate some of the most common errors in reconciling their PAYE charge records with HMRC's.

Correction to HMRC's Business Tax Dashboard

HMRC has corrected an issue which had resulted in some employment records being incorrectly merged on its systems.

Common reasons for contacting HMRC

The document below contains details of some of the common queries our Contact Centre operators are currently dealing with and some pointers as to where customers may find the correct information. Login to the CIPP news item to access this document.

HMRC stakeholder update - number 11

24 March 2014

HMRC has circulated their eleventh weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Percentage Threshold Scheme ending and the introduction of the Health and Work Service
To remind you that from 6 April 2014 you will no longer be able to claim under the Percentage Threshold Scheme (PTS) for Statutory Sick Pay (SSP) paid for periods of sickness after 5 April 2014. At that point, employers will have until the end of the 2015 -16 tax year to recover SSP paid before the end of the 2013-14 tax year. Guidance will be updated in April on the GOV.UK/HMRC website. In the meantime more information is available in The HMRC Employer Bulletin February 2014 issue 46.

The funding released from the abolition of PTS will be reinvested into the new Health and Work Service, which will be introduced in late 2014.

Real Time Information
As explained in the What's New on the HMRC Homepage Employers not reporting PAYE in real time must act now to avoid penalties. As part of HMRC's new publicity campaign aimed at the few employers who have not yet started reporting their PAYE information in real time they issued emails, on the 17th March 2014, to a number of small and medium employers (with up to 249 employees) telling them that HMRC's records indicated they hadn't joined RTI. These emails were designed to provide support to employers by providing information about what they needed to do to help them to avoid penalties at the end of 2013-14.

HMRC issued the emails via the Government Gateway to the email addresses that were provided by the PAYE schemes in question when they registered. However HMRC has now acknowledged they had not anticipated how many agents addresses were given as the e-mail contact on the Government Gateway records, and so the email may have proved unhelpful for agents and bureaus dealing with a large number of schemes.

HMRC are also aware that a number of employers who are already reporting in real time in respect of one or more PAYE schemes also appear to have received the emails. Whilst HMRC's investigations are ongoing, they have not yet found that any emails have been incorrectly issued. HMRC are advising that where an employer has already started to report in real time, but has received an email, they double check they have no remaining PAYE schemes still to join RTI – including any inactive schemes which they haven't told HMRC have ceased.

HMRC apologises if the emails have caused any inconvenience or unnecessary concern to employers, agents or bureaus.

PAYE for employers: help for preparing for 2014 to 15
HMRC has produced 2 helpsheets on getting ready for April 2014 and the tax year ahead.

PAYE real time submissions: recent updates to guidance
Guidance to help employers avoid creating duplicate employments, and to reflect the staggered introduction of in-year penalties.
Toolkits: Agent survey results

Toolkits to help reduce errors: agent survey results
HMRC's key findings and response to series of workshops and an online survey about HMRC Agent Toolkits.

HMRC stakeholder update - number 12

31 March 2014

HMRC has circulated their twelfth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Statutory Payment Guidance: Move to GOV.UK
Detailed guidance on Statutory Payments has now been added to the **GOV.UK website** to support the mainstream **Statutory Payments Guidance**. This includes guidance that was previously contained in the Statutory Payments Employer Helpbooks and means those Helpbooks will no longer be available from the 2014-2015 tax year.

From 3 April 2014 the Statutory Payments online guidance will only be available on the GOV.UK website. Further information on the transition of HMRC guidance to GOV.UK will be available in the April edition of the Employer Bulletin.

Annual PAYE Payments
We have recently issued letters to employers who are due to make their one off **annual PAYE payment**, encouraging them to pay electronically.

Offshore Employment Intermediaries
New Tax and National Insurance rules for **Offshore Employment Intermediaries** come into force from 6 April 2014. HMRC has published guidance about the changes.

Unpaid Class 2 National Insurance contributions will be collected from PAYE tax codes from 2014
Class 2 National Insurance contribution debts can be collected through PAYE code from April 2014 or passed to a private debt collection agency for recovery.

Budget changes that may affect your Company Tax Return
Find out if the changes to **Corporation Tax reliefs, rates and allowances** may affect submission of your Company Tax Return online.

HMRC stakeholder update - number 13

7 April 2014

HMRC has circulated their thirteenth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Business Tax Dashboard this weekend
Due to HMRC's scheduled April IT release, there will be a short delay before the PAYE information that customers send in real time is reflected on the Dashboard.

We will update the Dashboard early on the morning of Friday 4 April, with the next update then being on Monday 7 April.

Please also note that the Dashboard will not be available to view between 8am on Saturday, 5 April and 6.30am on Monday, 7 April.

National Insurance contributions (NICs) Employment Allowance
Up to £2,000 off your employer Class 1 NICs from 6 April 2014. HMRC has now published the Employment Allowance arrangements and additional guidance on eligibility (including connected businesses and charities).

PAYE: What to do if your employee asks why they don't have a new tax code

HMRC hasn't issued some notices of coding to your employees for 2014 to 2015 - find out why and what to do if you get queries.

Basic PAYE Tools for 2014-15
HMRC's Basic PAYE Tools product for the 2014-15 tax year is now available.

Are you completing P9Ds needlessly for employees in receipt of medical benefit?
Do you know that if your employees earn less than the rate of £8,500 **AND** you arrange and pay the medical benefit provider directly for the treatment or insurance, you do not need to complete a P9D.

HMRC stakeholder update - number 14

14 April 2014

HMRC has circulated their fourteenth weekly update for 2014 to stakeholders, which looks to provide informal highlights as a result of listening to employer feedback and working in partnership with stakeholders.

Real Time Information:

1. Final 2013-14 submissions

Employers reporting PAYE information in real time don't need to send forms P35 and P14 at the end of this tax year. Instead, just send the real time PAYE submission as normal and answer a few extra questions. It is very easy to do. This step-by-step guide shows you how: Making your final submission for the 2013-14 tax year

HMRC has also produced:

- a flowchart: Making your final submission of the year flowchart

- a 3-step guide on YouTube: HMRC on YouTube to help employers with their final 2013-14 PAYE submission

Employers who need to make corrections to 2013-14 submissions should do so as follows:

2. Correcting Full Payment Submissions (FPS)

- Up to and including 19 April 2014 employers can continue to make corrections by sending a new 2013-14 FPS. Employers can send more than one FPS to make corrections up to that date, if needed. Employers can do this even if they have already made their final submission for 2013-14. For full guidance go to the Correcting payroll errors - current year webpage.

- After 19 April employers must make any corrections to a 2013 – 14 FPS on an Earlier Year Update (EYU). If further changes are needed, employers can correct an EYU by sending HMRC another EYU with the corrected information. For full guidance, go to the Correcting payroll errors – previous year webpage. Employers can send an EYU even if they haven't made a final FPS submission.

3. Correcting Employer Payment Summaries (EPS)

Employers can make corrections to an Employer EPS by sending another EPS to report the correct total year-to-date figures for all recovered payments within that tax year. Employers have up to 6 years from when they sent in their original EPS to do this.

4. Electronic Message Updates – keeping employers up-to-date

HMRC is updating the Generic Notification Service messages for 2014 to 2015.

Percentage Threshold Scheme ends allowing for the introduction of the Health and Work Service
From 6 April 2014 employers can no longer claim for Statutory Sick Pay (SSP) paid under the Percentage Threshold Scheme (PTS) for the current tax year. Employers will have until the end of the 2015/16 tax year to claim PTS for any SSP paid before the end of the 2013/14 tax year.

Guidance can be found at GOV.UK

The funding released from the abolition of PTS will be reinvested into the new Health and Work Service, which will be introduced in late 2014.

Form P9X – Tax codes to use from 6 April 2014
If HMRC hasn't sent you a tax code for an employee, employers should use the code on form P9X, along with the employee's tax code from the previous tax year's payroll record.

Reminder for employers operating Appendix 6 arrangements
From 6 April 2014, Appendix 6 employers should enter A - Notional payment: Payment to Expat by third party or overseas employer in the Late Reporting Reason field on full payment submissions to avoid warning letters.

Toolkits to help minimise common errors
HMRC has published the updated Expenses and Benefits from Employment Toolkit in addition to the National Insurance Contributions and Statutory Payments Toolkit. The purpose of the toolkits is to assist agents when completing their clients' returns and forms.

Employment Related Securities Bulletin
The fifteenth Employment-Related Securities Bulletin providing information and updates on developments relating to employment-related securities, including the tax-advantaged employee share schemes has been published.

Employment Related Securities – register, self certify and file online
From 6 April 2014 you must tell HMRC about your company share schemes and other employment-related securities arrangements using the new Employment Related Securities (ERS) online service. The updated guidance tells you how to do this.

NICs regulations in respect of various matters have been published
Regulations and associated Explanatory Memorandum have been published and came into effect on 6 April 2014. The subject matter includes penalties made under Section 56 to the Finance Act 2009, Extra Statutory Concession A4 and Real Time Information.

Registering as a new employer
If you employ someone - even if it's only yourself - you'll usually need to register as an employer with HM Revenue & Customs. Most new employers can register online. This guide explains who needs to register as an employer, what information you'll need with you when you register, when you need to register and how to do it.

Modern Workplaces Consultation

Equal Pay

CIPP SURVEY - FURTHER CONSULTATION ON EQUAL PAY AUDITS

20 June 2013

The CIPP Policy Team has produced a survey based on this consultation and would really appreciate it if you could spare around 20 minutes to share your opinions.

In June 2012 the government published its response to the Modern Workplaces: Equal Pay consultation. In that response the Government Equalities Office (GEO) gave an assurance that they would consult further on the details of equal pay audits and on the contents of further regulations. As a result GEO has now issued a further consultation providing the opportunity to help shape the legislation intended for introduction in 2014.

The CIPP policy team has produced a survey based on this consultation and would really appreciate it if you could spare around 20 minutes to share your opinions.

Although, hopefully, very few of you will need to input into an equal pay audit, if an Employment Tribunal does order your employer to undertake such an audit, it is likely that the payroll department will be the source of most of the information. For that reason, it is crucial that payroll professionals provide their views and comments into this consultation.

To allow you plenty of time to complete this survey it will remain open until midnight on 12 July.

Thank you.

CIPP RESPONSE TO THE FURTHER CONSULTATION ON EQUAL PAY AUDITS

17 July 2013

The CIPP has today responded to the Government Equalities Office's further consultation on equal pay audits.

The CIPP's Policy and Research Team would like to thank all those members who managed to find time out of their busy schedules to complete the recent survey.

In general members were in agreement with the proposals contained in the consultation document, responding that the guidance was suitable and that the legislation is likely to encourage more employers to settle equal pay claims.

CIPP response to further consultation on Equal Pay Audits

Parental Leave

MODERN WORKPLACES: FLEXIBLE PARENTAL LEAVE AND FLEXIBLE WORKING

14 November 2012

Further to Nick Clegg's announcement yesterday, the government has published their response to the flexible parental leave and flexible working elements of the Modern Workplaces consultation.

In summary, the responses includes:

FLEXIBLE PARENTAL LEAVE

- New right to unpaid time off for dads to attend up to 2 antenatal appointments
- Maternity leave and pay remains unchanged: up to 52 weeks' maternity leave and 39 weeks' statutory maternity pay or maternity allowance
- Additional paternity leave is to be abolished.
- Flexible parental leave and pay: Working couples will be able to share leave and pay remaining when a woman ends her maternity leave or a person ends their adoption leave. The amount of pay or allowance available will be equivalent to the amount of untaken maternity pay, maternity allowance or adoption pay, which could be up to 50 weeks of leave and 37 weeks of pay. Each parent will need to qualify for leave and pay in their own right.
- Statutory adoption leave to become a "day one" right: abolition of the 26 weeks' continuous employment requirement. Eligible adopters will also be able to take flexible parental leave.
- Statutory adoption pay to mirror maternity pay and be enhanced for first 6 weeks to 90% of an adopter's average earnings.
- Intended parents in surrogacy cases who qualify for a Parental Order to become eligible for time off for up to 2 ante-natal appointments, statutory adoption leave and pay, if eligible, flexible parental leave and pay.
- Providing a separate system of unpaid parental leave (as now) for parents of children up to the age of 18. The proposal is to change the current system in two ways: first, to increase the age limit of the child whose parents may qualify for the leave from 5 to 18 years so the parents have more choice when to take it and the burden is spread over a longer period to assist employers; and second, to implement the new Parental Leave Directive, so will increase leave from 13 weeks per parent per child to 18 weeks.

Next steps

The government intends to introduce legislation as soon as Parliamentary time allows, in order to implement the reforms by 2015.

Regulations to increase the number of weeks of unpaid parental leave will be introduced in 2013. From 2015 the government will implement the proposals for time off for fathers to attend 2 antenatal appointments, flexible parental leave, statutory flexible parental pay and increasing the age limit for unpaid parental leave.

The legislation will provide the architecture for the flexible parental leave system and the government will launch a consultation early in the New Year to consider the detail of how the new system will work.
The intention is to make it as simple to use as possible, building on the existing framework without creating unnecessary burdens and complexity.

FLEXIBLE WORKING

- Flexible Working will be extended to all employees, except the new status of employee owners.
- The current statutory process will be replaced with a duty on employers to consider requests in a reasonable manner.

- Employers will be given guidance on 'reasonable' in a statutory code of practice being prepared by Acas.
- The government will consult on the code of practice early in 2013.

Next Steps

The extension to the right to request flexible working to all employees will require primary legislation. The Government will bring forward a Bill (The Children and Families Bill) as soon as the Parliamentary timetable permits:

- Introduce legislation during the Second Parliamentary Session (between May 2012 and April 2013)
- Consult on Code of Practice (2013)
- Implementation - 2014

The CIPP Policy team will of course continue to be involved in consultation and will keep members updated accordingly.

The individual responses can be viewed by following the links below.

Modern Workplaces - Government Response on Flexible Parental Leave

Modern Workplaces - Government Response on Flexible Working

ADMINISTRATION OF FLEXIBLE PARENTAL LEAVE – CONSULTATION

26 February 2013

The Department for Business Innovation and Skills have launched a consultation which is seeking views from employers and working parents on the detail of administering shared parental leave and pay.

The aim of the consultation - *Shared parental leave and pay - administration*, which will close on 20 May 2013, is to ensure that the proposed detail of this scheme is correct and to ensure that this system works for both parents and their employers.

Deputy Prime Minister Nick Clegg said:

"It's high time that the existing system of maternity leave is overhauled so that it's easier for women to get back to work earlier if they choose."

"A new system of shared parental leave is not only good news for parents and parents-to-be, but for employers who will benefit from having a workforce that is more flexible and motivated."

"We now want to hear from working families and employers on how they think this can work in a way that's simplest all round for those involved."

The CIPP Policy team represent members at the HMRC Statutory Payments Consultation Group Forum (SPCG) and so have on-going involvement with this development, however we shall be responding directly to this consultation and will, as ever, value your views via a survey, news of which will follow shortly.

PARENTAL LEAVE EXTENDS FROM 13 TO 18 WEEKS

8 March 2013

Entitlement to unpaid parental leave extends from 13 weeks to 18 weeks on Friday 8 March 2013.

Current guidance on the subject of Parental Leave is available at the Gov.uk website, however as a summary reminder, the right to parental leave, (which remains unpaid), will be as follows:

- For parents of children - up to the child's 5th birthday the right to leave will increase from 13 to 18 weeks.

- For parents of each adopted child - up to the child's 18th birthday or the 5th anniversary of adoption (whichever happens first) entitlement is also increasing from 13 weeks to 18 weeks.

- For parents of children who qualify for Disability Living Allowance, 18 weeks up to their 18th birthday.

This change follows a delay of one year to allow the government to continue with development of the Modern Workplaces Policy.

CIPP RESPONSE TO CONSULTATION ON SHARED PARENTAL LEAVE

10 May 2013

The CIPP has today responded to the Department for Business Innovation and Skills' consultation on the administration of Shared Parental Leave.

The CIPP's Policy and Research Team would like to thank all those members who managed to find time out of their busy schedules to complete the recent survey.

What has emerged very strongly is that whilst our members recognise and appreciate the need for flexibility for working parents, there is no getting away from the fact that these new proposals do introduce a significant increase to complexity and therefore will result in an increased administrative burden to the employer.

CIPP Response Shared Parental Leave & Pay

ADDITIONAL PATERNITY LEAVE TAKEN UP BY LESS THAN 1 PER CENT

19 June 2013

To encourage more dads to take time off in the first year of their child's life, the TUC is calling on the government to increase the statutory rate of pay to 90 per cent of average earnings, and up initial paternity leave from two to six weeks.

According to a new analysis published by the TUC, only 1 in 172 fathers are taking advantage of additional paternity leave (APL) and say that it is due to the statutory rate of pay for APL only being £136.78 a week which is rarely topped up by employers.

Follow this link to read more from the TUC

SHARED PARENTAL LEAVE – CAN YOU HELP?

25 June 2013

As we have previously reported several times over the last few months, the government will be abolishing Additional Paternity Leave from April 2015 and instead introducing the much publicised Shared Parental Leave.

The Department for Business Innovation and Skills (BIS) are currently looking at how this will be administered by employers and are keen to ensure they have a good insight into what exactly will be entailed.

To this end, BIS have asked if it would be possible for them to spend some time with some of our members, so they can understand the processes you must follow to administer statutory payments? This is about understanding exactly what payroll staff need to do, not just about software, but all the issues to be considered such as planning, interaction with HR and line managers etc.

The CIPP welcomes this positive step by BIS and would encourage members to take this opportunity to let government know exactly the impact Shared Parental Leave will have. If you have experience of administering the different types of statutory leave and would like to volunteer, please email policy with your name, company size and location.

Consultation response on the administration of shared parental leave

2 December 2013

The government has today published its response to the consultation on the administration of shared parental leave and pay, which is due to come into force in April 2015.

The key elements of the government response are that:

Maternity and Paternity

- Maternity leave and pay unchanged at 52 weeks' maternity leave and 39 weeks' maternity pay /allowance (in case of single mother or one or both partners not eligible for shared parental leave (SPL)).
- Paternity Leave and pay unchanged (2 weeks in one continuous block).
- Additional Paternity Leave and pay to be abolished.
- New right to unpaid time off for fathers to attend up to 2 ante-natal appointments (strictly speaking up to 6.5 hours for each appointment).

- Notification periods for paternity leave and pay will be aligned with the end of the 15th week before the expected week of childbirth or as soon as reasonably practicable.

- Women who give binding notice before birth to end their maternity leave will have up to 6 weeks following the birth to revoke that notice.

- Employees will need to give 8 weeks notice of their eligibility to take shared parental leave and will need to include a non-binding indication at the outset of when they expect to take the leave.

- Employees will be required to give 8 weeks notice to take specific periods of leave, or to change a previous notification. There will be cap of 3 on such notifications unless both employer and employee agree by mutual consent that a request will not count towards the cap.

- The time limit for taking shared parental leave will be set at 52 weeks from birth.

- Parents to be allowed to have up to 20 days at work per parent whilst on shared parental leave. The days that will be available to parents on shared parental leave will be renamed to distinguish them from KIT days for use during the maternity leave period. The KIT-type days on shared parental leave will be additional to the 10 KIT days which will continue to be available to a woman whilst she is on maternity leave.

- Employees who take shared parental leave will have the right to return to the same job when returning from periods of statutory leave comprising of maternity, paternity, adoption or shared parental leave that totals 26 weeks or less in aggregate; even if the leave is taken in discontinuous blocks.

Adoption

- Statutory Adoption Leave to become a day 1 right, abolishing the requirement for 26 weeks' continuous employment.

- The current notification arrangements for adoption leave and pay will apply to employees who qualify for adoption leave and pay under the new fostering-for-adoption placement process.

- Eligible adopters will also be able to take Shared Parental Leave.
- Statutory Adoption Pay enhanced to mirror Statutory Maternity Pay, i.e. first 6 weeks at 90% of AWE.
- New right to time off for adopters to attend adoption meetings: paid time off to attend 5 meetings for the primary adopter and unpaid time off for the secondary adopter to attend 2 meetings.

General

- The age limit for unpaid parental leave will increase from children under 5 to children under 18.
- Parents in Surrogacy cases who qualify for a Parental Order (i.e. there is a genetic link to the baby between one or both of the intended parents) will be eligible for unpaid time off to attend up to 2 ante-natal appointments as well as Statutory Adoption Pay and Leave and, if eligible, shared parental leave.

The Process

- At any point once a mother has completed her period of mandatory maternity leave she can decide to end her maternity leave and enter a period of SPL.
- The mother and her partner must both meet the basic eligibility criteria in order to take SPL. The criteria are: both must have worked for any 26 weeks out of 66 weeks preceding the baby's due date and have earned at least £30 gross salary per week for any 13 of those 66 weeks. SPL is not available if one or both parent does not fulfil these criteria.
- Once the mother has declared that she wants to end her maternity leave, she must decide with her partner how they want to divide the remaining leave and pay.
- Both parents complete form ShPL1 advising how much leave and pay remains from the initial entitlement and the dates they wish to take leave. They will need to give 8

weeks' notice of their eligibility to take shared parental leave and will need to include a non-binding indication at the outset of when they expect to take the leave

- The parents can change their minds as long as they give at least 8 weeks' notice of absence.
- When a woman gives notice to end her maternity leave on a specified date and she and/or her partner has notified their employer that they are eligible and plan to take SPL and/or ShPP (ie submitted a ShPL1 form) then the mother's notice to curtail her maternity leave on the date specified is binding. She does not necessarily have to return to work on that date. She may stay off on SPL if she is eligible or be absent from work on some other kind of leave. But her maternity leave and pay period will end on the date specified in her binding notice of curtailment
- There are certain circumstances in which a woman who has given binding notice to curtail her mat leave and/or pay can revoke her notice:
    - If the mother has submitted her notice before the birth she has up to 6 weeks after the birth to change her mind. This applies to birth mothers not adopters. Where her partner has already started taking SPL and/or ShPP the entitlement stops. However, as with APL an employer may require the partner to stay off work on unpaid SPL for 8 weeks. The maternity leave is restored to 52 weeks and pay to 39 weeks;
    - Where the couple have opted into SPL but the mother has not yet returned to work and her partner dies she may revoke her notice to end her maternity leave and stay on maternity leave and pay. Any SPL or ShPP taken by the partner is disregarded and maternity leave and pay is restored in full. This applies to birth parents and adopters;
    - If the parents discover during the 8 week notice period that they do not meet the eligibility criteria for SPL, then the mother will continue with maternity leave and the father will not be eligible for anything other than his paternity leave.
- Leave must be taken in blocks of no less than a week (a week is defined as "any period of seven days" which is the same as that applying to additional paternity leave).
- Both parents can be on SPL together, though obviously if they are off together for 1 week, then that reduces the balance by 2 weeks.
- If both parents submit their suggested leave patterns to their employers, each employer has 2 weeks in which to agree or disagree. If disagreement, the parents must reconvene to decide on alternative plans and re-submit to employers.
- An employer can refuse the employee's suggested leave patterns, however, if no agreement can be reached, each employee must take their SPL in one continuous block, but of a date of the employee's choosing.

Timetable

- The Department for Business, Innovation & Skills hope to lay the Bill before Parliament in April 2014.
- Although SPL applies to babies born after 6 April 2015, it needs to be in force 2014/15 to allow for premature babies.

A copy of the government response and the administration consultation document can be found on the **GOV.UK website**.

CIPP comment

Whilst these details do not come as a surprise to the CIPP, indeed we have been advising our members of the intricacies of Shared Parental Leave for some time now, we are still concerned at the burden these complex provisions may pose for employers.

Children and Families Act 2014 approved by Parliament

19 March 2014

Shared Parental Leave and extending the right to request flexible working to all employees are two of the measures brought in under the Act to help individuals balance their work, home and family life.

From April 2015, mothers, fathers and adopters can opt to share parental leave around their child's birth or placement. This gives families more choice over taking leave in the first year - dads and mothers' partners can take up to a year or parents can take several months at the same time.

From 1 October 2014, prospective fathers or a mother's partner can take time off to attend up to 2 antenatal appointments.

Adoption leave and pay will reflect entitlements available to birth parents from April 2015 - no qualifying period for leave; enhanced pay to 90% of salary for the first 6 weeks; and time off to attend introductory appointments. Intended parents in surrogacy and 'foster to adopt' arrangements will also qualify for adoption leave and pay.

From 30 June 2014, the right to request flexible working will be extended to all employees. The current statutory procedure, through which employers consider flexible working requests, will be replaced with a duty on employers to consider with requests in a 'reasonable' manner.

Further information:

- Overview of the Children and Families Act
- Video 'Children and Families Bill: a look back'
- Children and Families Act 2014

Money Laundering Regulations

CHANGES TO MONEY LAUNDERING REGULATIONS COME INTO FORCE ON 1 OCTOBER

13 September 2012

Changes to the Money Laundering Regulations 2007 will reduce the regulatory burden imposed by the current regulations, while strengthening the overall anti-money laundering regime.

On 10 September the government introduced legislation to Parliament to implement important changes to the Money Laundering Regulations 2007. The proposals were set out in July 2012 following extensive consultation and are expected to save firms around £3 million a year.

The changes to the Regulations will come into force on 1 October 2012.

Further detail on the changes being taken forward is available on the Review of the Money Laundering Regulations page on HM Treasury's website.

HM Treasury press release

HMRC TO CONTACT BUSINESSES REGISTERED UNDER THE MONEY LAUNDERING REGULATIONS

1 May 2013

HMRC has published news about a programme of work that is to be undertaken by Anti-Money Laundering Compliance Officers.

HM Revenue & Customs (HMRC) Anti-Money Laundering Compliance Officers will shortly begin a programme of telephoning businesses registered with, and supervised by HMRC under the Money Laundering Regulations (MLR) 2007.

These calls will be in addition to and will complement ongoing HMRC compliance activity. HMRC will be contacting businesses to make sure that up to date information is held about their activities. The calls will also further improve HMRC understanding of customers and to find out whether they need any additional help.

HMRC can ask registered businesses for this information under Regulation 37 of the MLR 2007 and this has proved to be a very cost effective way for both customers and HMRC supervisors to conduct its compliance activity.

During the calls the HMRC officers will confirm their identity and ask businesses for their security information. They will ask for details of business activities, customers and also answer any questions. This will help HMRC decide whether a visit is needed and give businesses the opportunity to clarify any issues they may have.

CHANGE TO GUIDANCE ON PENALTIES UNDER HMRC MONEY LAUNDERING SUPERVISION – REVISED GUIDANCE TO FOLLOW

5 June 2013

HMRC has published advance notice that amended guidance on penalties for business under HMRC Money Laundering Supervision is to be published shortly.

HMRC has reviewed its guidance on penalties for businesses under HMRC Money Laundering Supervision and has made some amendments to clarify its approach. The amended guidance will be published soon.

The guidance explains the range of actions that HMRC, as a supervisor, can take when businesses breach the Money Laundering Regulations. The action HMRC can take ranges from warning letters to criminal prosecution.

Any action taken will continue to depend on the particular circumstances of the case and the impact and severity of the failings identified.

Current details can be found on the Money Laundering Regulations pages of the HMRC web site.

National Insurance

Employment Allowance

The National Insurance Contributions (NICs) Employment Allowance

16 October 2013

The NICs Bill has now been introduced to Parliament, starting the legal process to bring the Employment Allowance regulations into force for April 2014.

The Chancellor announced the creation of a NICs Employment Allowance in the 2013 Budget. This is planned to start on 6 April 2014 and moved a step closer to becoming law with the First Reading of the Bill on 14 October 2013.

Businesses, Charities and Community Amateur Sports Clubs will be able to reduce their Employer Class 1 NICs bill by up to £2,000 per year. The Employment Allowance will be straightforward to claim using standard payroll software.

More details on how to claim the Employment Allowance will be available in the New Year - there is no need to call HM Revenue & Customs or do anything to claim the Employment Allowance now.

Further information

- GOV.UK website- NICs Bill
- Corporate report on National Insurance: Employment Allowance

Employment Allowance guidance published

7 February 2014

Guidance has now been published on the Employment Allowance which becomes available from 6 April 2014. Eligible employers can reduce their Class 1 NICs bill by up to £2,000 each tax year.

The government has published key facts and detailed guidance to assist employers.

Even though it is only a few weeks before the Employment Allowance comes into effect, it is still awaiting Parliamentary approval. The NICs Bill was introduced to Parliament in October 2013.

Employment Allowance should be extended to domestic employers

26 February 2014

The Chartered Institute of Payroll Professionals recently conducted a survey in respect of National Minimum Wage. During the promotion CIPP members asked the policy team why the new Employment Allowance was not open to domestic employers.

Some respondents acknowledged whilst increasing the NMW wage would be good for the economy and potentially encourage people off benefits and into work, the financial impact on

the SME could conversely lead to a reduction in staff due to the profit margins shrinking too low. The change from April 2014 is the introduction of an Employment Allowance providing up to £2,000 employer National Insurance relief, though this allowance doesn't extend to the domestic sector. In response to the NMW survey it was asked, if the NMW rises in October along with other employment costs will parents continue to employ nannies enabling them to work, or will it become more cost effective for one parent to stay at home?

Karen Thomson, Associate Director of Policy, Research & Strategic Visibility said:

"Legislation is meant to be actively encouraging all back to work, so the CIPP is surprised to see a Policy that does not actively promote this. The government also says it wants a fair tax system, is excluding this sector who contributes with employer's National Insurance fair? The CIPP therefore urges the government to also consider extending the Employment Allowance to all employers (except the public sector) which the CIPP believes will help an already struggling industry."

In support of this extension one of the CIPP members, responsible for assisting parents by providing payroll services to them, Helen Harvey, Payroll Services Director for NannyTax said:

"We are extremely disappointed that the government has decided to exclude domestic employers from applying for the new employment allowance. With the lack of affordable childcare, and pressures on family income, many parents have to work whilst bringing up their children, and employing a nanny is the only option available to them, especially if they have to work shift patterns such as nurses and police. We are also concerned by the timing of this, as it coincides with the removal of the Percentage Threshold Scheme, which these small employers relied upon when their employees were ill, and the rising cost of implementing automatic enrolment which is just around the corner."

Also in support of this extension is Alison Hull, FCIPP, Director, NannyMatters and The Pay Team who said:

"The Employment Allowance is welcomed wholeheartedly by small employers, but it does leave us with a most unfair and unreasonable state of affairs for domestic payrolls: disabled people who employ carers or personal assistants are expected to pay full Employer National Insurance contributions, but businesses large and small get £2,000 off. The same applies for nannies, who are almost exclusively employed specifically so that skilled parents can return to the workforce and generate business growth.

The situation is made even worse with the abolition of the Percentage Threshold Scheme. From 6th April these same employers are expected to meet the cost of up to £2,451 of SSP paid out.

Unfortunately, this type of employer has no say in HMRC's decisions-making. David is up against Goliath, and really doesn't stand a chance. It looks like HMRC will not rethink until a case hits the headlines."

The CIPP would urge the government to reconsider extending this allowance to all but the public sector employers to ensure fairness for all.

Employment Allowance calculator

7 March 2014

The government has introduced an online calculator for employers to see the effect the new Employment Allowance could have on their National Insurance Contributions bill.

The Employment Allowance allows businesses and charities to reduce their Class 1 Employer National Insurance Contributions bill by up to £2000 each year.

This calculator allows you to see the effect of the Employment Allowance in April 2014 on:

- Taking on a new employee: You can use the tool to see the effect on your employer National Insurance Contributions of employing one additional employee
- Your employer National Insurance Contributions bill for all employees - You can add a number of employees and their salaries to see the overall effect on your payroll.

Find out more about eligibility and claiming the Employment Allowance.

The National Insurance Contributions (NICs) Employment Allowance

14 March 2014

Last month the government published Employment Allowance key facts and detailed guidance to assist employers. As expected the guidance has raised some questions.

Schools
We were asked a question in respect of eligibility of schools and HMRC confirmed that generally, publicly funded schools – particularly those which are funded and controlled by local education authorities – will not be eligible for the Employment Allowance. However, if a publicly funded school has charitable status (as, for example, academies do) it will be entitled to the Employment Allowance. Independent schools will be entitled to receive the allowance on the basis that they are trading businesses (as well as, frequently, charities).

Unused balance
The guidance states that if a business with more than one PAYE scheme doesn't use the full £2,000 allowance during the year on their nominated PAYE scheme then they can apply to HMRC at the end of the tax year for a refund of any unused balance. They can only do this if they have employer Class 1 NICs liability on other PAYE schemes, and have paid all their PAYE up to date. If they do not apply for a refund, and have an un-used balance they should apply to HMRC to use this against any forthcoming PAYE debt.
"How does one apply?" is the question we asked HMRC. The reply is unfortunately inconclusive at this stage as HMRC said that the point raised is one that will not become an issue until April 2015. And as there are sure to be a range of further questions on the operation of the Employment Allowance, as we move forward they have said that they will seek to provide further Q & As where useful in due course.

CIPP comment

*The Policy team will of course keep you updated with any further questions and answers as and when they arise. As we are all painfully aware, many new initiatives are up and running before issues are ever fully resolved. If you have any questions about the Employment Allowance guidance or any issues after 6 April when it comes into practice, please email policy with **Employment Allowance** as the subject title and we will do our best to get answers and resolutions for you.*

Further information:

- Key facts
- Detailed guidance
- The Policy team also published an article with Accounting Web last month which readers may find useful.

Employment Allowance: further guidance on connected companies and eligibility

28 March 2014

One of the key questions being asked about Employment Allowance is about eligibility and we are pleased to see that HMRC has published more detailed guidance.

Earlier in the month HMRC's Agent Blog published information saying that agents may receive enquiries from clients about the new Employment Allowance as they sent employers an email, headed 'Get up to £2K off your NICs bill', highlighting the introduction of the Employment Allowance with a link to the guidance. Did you or your clients receive these emails?

HMRC did say when they published their original guidance in February that they would update it but kept it quite well hidden within the Agent Blog that they had actually done so. The updated guidance is well worth reading if you are in any doubt as to the eligibility of yours or your clients' business/es.

The link to the more detailed guidance is the same as the one originally published on 6 February by HMRC but contains more detail on eligibility, claiming, connected companies and connected charities, than the original guidance.

National Insurance Contributions (NICs) Employment Allowance

31 March 2014

Following Royal Assent of the NICs Act 2014, HMRC - having taken account of comments received on the draft Employment Allowance arrangements - has now published the arrangements which set out how employers may claim the Employment Allowance.

These arrangements underpin the employer guidance made available on 6 February 2014.

Additional guidance to help employers to determine their eligibility for the Employment Allowance has also been made available.

The employer guidance on claiming the Employment Allowance has also been updated regarding where a business has one PAYE scheme, but runs more than one payroll.

Detailed technical guidance to help employers and their agents determine if their businesses/charities are connected for the purposes of claiming the Employment Allowance has also been published.

The arrangements are available on the GOV.UK website:
National Insurance Contributions Bill on the GOV.UK website

The Employment Allowance Guidance can be accessed using the following link:
Employment Allowance: up to £2,000 off your Class 1 NICs on the GOV.UK website

General National Insurance News

IMPORTANT INFORMATION FOR SLEEPING AND INACTIVE LIMITED PARTNERS ABOUT THEIR LIABILITY TO PAY CLASS 2 AND 4 NATIONAL INSURANCE CONTRIBUTIONS.

5 April 2013

HMRC now considers that Sleeping and inactive Limited Partners are - and have in the past - been liable to pay Class 2 National Insurance contributions (NICs) as self employed earners and Class 4 NICs in respect of their taxable profits. "Inactive Limited Partners" are Limited Partners who take no active part in running the business. This view represents a change from that previously held by HMRC and the Department for Work and Pensions.

What happens next?

Sleeping or inactive Limited Partners who have not paid Class 2 or Class 4 NICs for a past period will not be required by HMRC to pay those contributions.

Payment of Class 2 NICs from 6 April 2013

HMRC now take the view that Sleeping and inactive Limited Partners are liable to pay Class 2 NICs because they are "gainfully employed" as self employed earners for the purposes of section 2(1)(b) of the Social Security Contributions and Benefits Act 1992 because:

- "Employment" as defined in section 122 of the Social Security Contributions and Benefits Act 1992 includes business and section 1(1) of the Partnership Act 1890 provides that "Partnership is the relation which subsists between persons carrying on a business in common with a view of profit"; and
- Section 2(1)(b) of the Social Security Contributions and Benefits Act 1992 imposes no requirement that partners have to be active in the business.

Class 2 NICs is a weekly liability which will be due from 6 April 2013 unless a Sleeping or inactive Limited Partner is either under 16, over pension age, is granted the Small Earnings Exception, is a married woman or widow with reduced liability, or claims deferment on account of other employments.

It will therefore be necessary for Sleeping and inactive Limited Partners to check their Class 2 NICs position. Sleeping and inactive Limited Partners who are not already paying Class 2 NICs as a result of being self employed must advise HMRC of their self-employed status and arrange to pay NICs or seek exception/deferment, etc, according to their individual circumstances. Many Sleeping and inactive Limited Partners will qualify under one of these exceptions but there is a need to ensure that the appropriate action has been taken.

Further information, including the form for partners to register for Class 2 NICs and Self Assessment is available from HMRC's website.

NATIONAL INSURANCE NUMBERS WITHOUT SUFFIXES

17 May 2013

HMRC has published an update on action needed in the event that you have been issued with a National Insurance Number with no suffix. HMRC will continue to investigate the problem however in the meantime have supressed the issue of NINO's.

"In response to some National Insurance number Verification Requests (NVRs) and Full **Payment Submissions (FPS) with missing or incorrect National Insurance numbers, HM** Revenue & Customs has issued a number of National Insurance numbers without the final letter (A, B, C or D) of the number.

The issue of National Insurance numbers is currently on hold whilst we investigate this.

We have identified three scenarios and what actions employers should take.

Scenario 1 - the incorrect National Insurance number was included on an FPS and the correct number goes back with no suffix

You should use the National Insurance number that was sent back and use the suffix that was on the original submission - A, B, C or D. If you do not know what this was, you should enter the space bar. Please do not guess which letter (A, B, C or D) should be used.

Scenario 2 - no National Insurance number was provided on the FPS and the correct number goes back with no suffix

You should use the National Insurance number that was sent back, but enter the space bar instead of the suffix. It is important to enter the space bar, rather than trying to truncate the number to eight characters. Please do not guess which letter (A, B, C or D) should be used.

Scenario 3 - employer sends NVR and the National Insurance number supplied by HMRC is without a suffix

You should use the National Insurance number that was sent back but enter the space bar instead of the suffix. Use the space bar rather than trying to truncate the number to eight characters. Please do not guess which letter (A, B, C or D) should be used.

Please note that using a National Insurance number without a suffix (A, B, C or D) should be the exception, in these scenarios only.

We apologise for any inconvenience whilst we investigate this issue. We will publish an update on these pages."

NATIONAL INSURANCE NUMBER VERIFICATION REQUESTS (NVR) RESUMES

31 May 2013

HMRC has confirmed that the NVR service has now been restored.

On 17 May we reported that employers had been issued with NINO's with no suffix. HMRC subsequently suspended the NVR service whilst it investigated the reason for incorrect numbers being issued. After identifying and fixing several issues, HMRC has today confirmed that the NVR service has been restored.

NATIONAL INSURANCE AND SELF-EMPLOYED ENTERTAINERS – OPEN CONSULTATION

29 May 2013

HMRC are seeking views on simplifying the future National Insurance Contributions (NICs) for self-employed entertainers.

The consultation document National Insurance and Self-employed Entertainers sets out the issues that HMRC is seeking to address together with the available options that would, if implemented, resolve these issues to various extents. HMRC are inviting views on these options until the consultation closes on 6 August 2013.

DRAFT NATIONAL INSURANCE CONTRIBUTIONS BILL

17 July 2013

Along with the publication of the draft National Insurance Contributions Bill was the confirmation that the National Insurance Contributions Bill will be introduced into Parliament in the autumn.

National Insurance Contributions Bill

Draft legislation for the following three main measures is now available:

- Applying the General Anti-Abuse Rule for NICs
- Creates a NICs liability for Offshore Employment Intermediaries
- Enables the reclassification of certain Limited Liability Partnerships (LLPs) members as employed earners for NICs purposes

Legislation for the new Employment Allowance will also be included in the Bill when it is introduced into Parliament.

Other Bill measures published recently include:

- the retrospective disregard of Armed Forces early departure payments (EDP) from liability to NICs
- the repeal of two redundant Class 4 NICs reliefs
- amending the definition of "employed earner" in the Social Security Contributions and Benefits Act 1992 (SSCBA), the Social Security Contributions & Benefits (Northern Ireland) Act 1992 (SSCB(NI)A) and related Acts
- correcting minor omissions in the SSCB(NI)A

CONSULTATION ON SIMPLIFYING NATIONAL INSURANCE PROCESS FOR SELF-EMPLOYED

26 August 2013

Last month HMRC published a consultation document on 'Simplifying the National Insurance Processes for the Self Employed'.

The consultation looks at collecting Class 2 NICs through the Self Assessment process. The CIPP policy team have reviewed the consultation and will not be issuing a survey to members as not relevant for the payroll profession.

If the consultation does affect you and you would like to contribute with your views, the closing date for comments is 9 October 2013 and the document can be accessed through the link below.

Simplifying the National Insurance Processes for the Self-Employed

Treatment of class 2 NICs recovered through the PAYE tax code: draft amended regulations

23 October 2013

HMRC intend to recover certain unpaid class 2 National Insurance contributions debts through a person's PAYE tax code beginning in the 2014/15 tax year.

HMRC are amending the "Social Security (Crediting and Treatment of Contributions, and National Insurance Numbers) Regulations" to specify that these contributions will be treated as paid on the 5 April in the tax year in which they are collected. From that date they will count towards social security contributory benefits in the same way as any other late paid contributions.

HMRC has published the draft amended regulations for information before they are laid in Parliament.

Draft Social Security (Crediting and Treatment of Contributions, and National Insurance Numbers) (Amendment) Regulations 2013

Entertainers and Class 1 National Insurance Contributions

20 November 2013

HMRC has published a brief which explains their position in relation to the NIC liability of Entertainers from 6 April 2014 onwards, subject to the proposed changes being approved by Parliament.

If you engage the services of entertainers
From 6 April 2014, you will not be required to operate Class 1 NICs for the entertainers you engage. If you are currently deducting employees' Class 1 NICs from the payments you make to your entertainers (including additional use payments such as royalties), and paying the respective employers' Class 1 NICs on these payments, you should continue to do so up until 5 April 2014. From 6 April 2014 however you should cease to do this.

If you use an automated payroll system or an external payroll provider service you will need to ensure your systems or payroll arrangements are updated to ensure that Class 1 NICs continue to operate on payments you make to entertainers up to 5 April 2014, and cease to be operated from 6 April 2014.

Follow the link below to read full details.

Revenue & Customs Brief 35/13

New voluntary National Insurance for additional State Pension

9 December 2013

We have further details from the DWP Pensions Stakeholder Team on the time frames for the new voluntary National Insurance contributions to increase your State Pension.

In the Autumn Statement 2013, the government announced its intention to introduce a scheme to allow pensioners to top up their Additional State Pension by paying a new class of voluntary National Insurance contribution, to be known as Class 3A.

The scheme will open in October 2015 and will be available to all pensioners who reach State Pension age before the introduction of the single tier pension in April 2016.

Class 3A will give pensioners an option to top up their pension in a way that will protect them from inflation and offer protection to surviving spouses. In particular, it could help women, and those who have been self-employed, who tend to have low Additional Pension entitlement. The government will now work with stakeholders on the detailed design of the scheme.

National Insurance Thresholds

19 December 2013

2014/15 NI thresholds

	LEL	ST	PT	UAP	UEL
Weekly	£111	£153	£153	£770	£805
2 weekly	£222	£306	£306	£1,540	£1,611
4 weekly	£444	£612	£612	£3,080	£3,221
Monthly	£481	£663	£663	£3,337	£3,489
Annual	£5,772	£7,956	£7,956	£40,040	£41,865

2013/14 NI thresholds					
	LEL	**ST**	**PT**	**UAP**	**UEL**
Weekly	£109	£148	£149	£770	£797
2 weekly	£218	£296	£299	£1,540	£1,595
4 weekly	£436	£592	£597	£3,080	£3,189
Monthly	£473	£641	£646	£3,337	£3,454
Annual	£5,668	£7,696	£7,755	£40,040	£41,450

Class 1 contribution rates for not contracted-out schemes and for contracted-out salary related schemes can be downloaded through this CIPP news link.

National Insurance guidance for software developers, effective for the tax year 2014-15

The 2014-15 version of this technical specification will be available before the end of December on the HMRC website at Payroll - technical specifications.

As a result of the announcement the 2014-15 Primary (employee) Threshold (PT) and Secondary (employer) Threshold (ST) are the same value. It is possible that indexation may result in these thresholds having different values in future years. In view of this and in order to avoid making unnecessary changes the formulae in the technical specification has not been changed. As a result the earnings between the ST and PT will be zero as will the NICs rebate for that portion of the earnings.

Draft legislation National Insurance Contributions Rates, Limits and Thresholds 2014/15

29 January 2014

Draft Regulations have been published confirming the NICs rates, thresholds and limits for the 2014/15 tax year.

We published details from HMRC's Software Developers Support Team on 18 December and the figures are confirmed as set out below.

2014/15 National Insurance thresholds					
	LEL	**ST**	**PT**	**UAP**	**UEL**
Weekly	£111	£153	£153	£770	£805

2 weekly	£222	£306	£306	£1,540	£1,611
4 weekly	£444	£612	£612	£3,080	£3,221
Monthly	£481	£663	£663	£3,337	£3,489
Annual	£5,772	£7,956	£7,956	£40,040	£41,865

The regulations amending the National Insurance contributions rates, thresholds and limits for the 2014-15 tax year come into force on 6 April 2014, subject to approval by Parliament. The draft regulations and explanatory notes can be accessed through the links below.

- Social Security (Contributions) (Limits and Thresholds) (Amendment) Regulations 2014
    - Explanatory Memorandum
- Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2014
    - Explanatory Memorandum

Class 3A Voluntary National Insurance

31 January 2014

Last month in the Autumn Statement, it was announced that the government intend to introduce a scheme to allow pensioners to top up their Additional State Pension by paying a new class of voluntary NICs, Class 3A.

The scheme will open in October 2015 and will be available to all pensioners who reach State Pension age before the introduction of the single tier pension in April 2016.
Class 3A will give pensioners an option to top up their pension in a way that will protect them from inflation and offer protection to surviving spouses. In particular, it could help women, and those who have been self-employed, who tend to have low Additional Pension entitlement.

Further detail is to be published at a later date but the government has published the policy details known so far. Some of the key details include:

- Pricing, which will reflect the age an individual takes up class 3A. Prices will be lower for older pensioners because on average they will have a shorter life in retirement at the point they take up Class 3A. The government intends to publish a list showing prices of a unit by age.
- Class 3A will not replace the existing Class 3 Voluntary National Insurance Contributions, rather it will sit alongside.
- HMRC will handle applications and collect payments.
- The intention is to deliver these changes as far as possible within the existing National Insurance and benefit framework to keep administrative costs to a minimum.
- Primary legislation will be required to introduce the new arrangements and the government has tabled an amendment to the current Pensions Bill, which is being scrutinised by the House of Lords.
- The government intends to discuss the details of the policy and the detailed design of the scheme with key stakeholders before secondary legislation.

The nine page policy document is available to read through the link below.

Class 3A Voluntary National Insurance: Policy detail

Withdrawal of CA6855 National Insurance Number Tracing Service

27 February 2014

Following the introduction of reporting PAYE in real time and the National Insurance number verification request service, HMRC will be withdrawing the CA6855 clerical tracing service on 31 March 2014.

For further details visit HMRC's website.

Age exception certificates CA4140

21 March 2014

As from 31 December 2013 HMRC stopped issuing age exception certificates CA4140 and confirmed that employers do not have to have to request a CA4140 to stop deducting Class 1 Primary National Insurance Contributions.

An item published in the September 2013 Employer Bulletin 45 (P18) covered the subject of age exception certificates and prompted debate from CIPP members.

So to clarify, HMRC no longer issue the CA4140 certificates. The Department for Work and Pensions (DWP) however, has not withdrawn the application form for an age exception certificate from their pension pack for new pension claims and so an individual can, if they wish, apply for an age exception certificate from the DWP. HMRC has confirmed that they do not have any requirement that employers should expect employees to obtain an age exception certificate by that route. And although DWP are still issuing the pack to employees approaching pensionable age, they won't now direct customers to HMRC to apply for the certificate.

In future, employers should use sight of the passport or birth certificate as evidence to support the non-payment of National Insurance. As set out in the Employer Bulletin there are some exceptional circumstances where HMRC will still provide the employer with a letter confirming an individual's State Pension Age. Cases for example where there may be sensitive information contained within those documents which the employee does not wish to divulge to the employer.

Once the employer has obtained confirmation of the date of birth, they can check when their employee will reach State Pension age by using the government's State Pension calculator. Anyone can use this calculator to work out when you will reach State Pension age or Pension Credit qualifying age and how much you may get in today's money for your basic State Pension.

Delay in publication of National Insurance tables 2014/15

28 March 2014

At the recent Statutory Payment Consultation Group Forum the question was asked, why have the NICs tables for 2014/15 not yet been published?

HMRC has explained that this unfortunate delay in issuing the 2014/15 NICs tables is, apparently, due to the transition of information across to GOV.UK.

The current expectation is that the tables will be published within the next week. We will of course keep a close eye on GOV.UK and alert members as soon as they are released.

The CIPP Policy team represent members at the HMRC Statutory Payment Consultation Group Forum (SPCG). Full details of this Forum including previous minutes are available on GOV.UK at this link.

Class 3A Voluntary National Insurance contributions

4 April 2014

Pensioners and those who reach pension age in the next 2 years will be able to get up to £25 of additional State Pension a week.

Pensioners and those who reach pension age in the next 2 years will be able to acquire up to £25 of additional State Pension a week under plans set out by the Pensions Minister.

The State Pension top up will be available from October 2015 to all those reaching State Pension age before 6 April 2016.

The scheme will allow people the opportunity to get inflation-proofed additional State Pension by making Class 3A Voluntary National Insurance contributions.

The cost of a State Pension top up is based on a person's age and takes average life expectancy into account. For a 65-year-old an extra £1 of pension a week will be £890, whereas for a 75-year-old the contribution rate for the same amount of pension is £674.

A calculator is available online which illustrates the contribution rates based on age and how much people wish to increase their additional pension by.

Minister for Pensions Steve Webb said:

"The State Pension top up will provide an opportunity for people to boost their retirement income by up to £25 a week. This is another bold action in how we build a stronger economy through choice in retirement income.

The scheme will give them a guaranteed, index-linked return and will be particularly attractive for women pensioners who will draw the higher pension for longer. It will also help the self-employed, who currently qualify for only the basic State Pension."

Read the full press release

Regional Employer NICs Holiday

REGIONAL EMPLOYER NICs HOLIDAY FOR NEW BUSINESSES

21 March 2013

HMRC has issued an update regarding the end of year process required for Employers who have qualified for NICs Holiday during 2012-13.

The 2012-13 Employer NICs Holiday End of Year Returns (form E92) will shortly be posted to all employers who have successfully applied for the scheme, or to agents where HMRC has received the appropriate instructions to do so. The returns should arrive by 30 April 2013. In circumstances where a return has not been received for a particular client by this date, please contact the Employer Helpline on 08457 143 143. Although HMRC looked at the possibility of introducing an electronic facility for submitting the 2012-13 return, the costs of such a solution coupled with the limited duration of the scheme which ends in September 2013 did not make this a viable option.

The Employer NICs Holiday End of Year Return (form E92) and supporting forms E89 (or equivalent) for each qualifying employee should be submitted by all employers who were entitled to withhold Class 1 NICs under this scheme during the 2012-13 tax year, including any employers who operated PAYE in real time. The forms need to be returned in the envelope provided by 19 May 2013. If you do not have sufficient form(s) E89 (and cannot photocopy them) you can record and print employee E89 information using the online interactive NICs holiday recording form which can be accessed from HMRC website.

For employers who operated PAYE in real time during the 2012-13 tax year, there is no requirement to submit an Employer Annual Return (P35 & P14s). Instead their final Employer Payment Summary (EPS) for the year needs to reflect the total amount of employer NICs that the employer was entitled to withhold as shown on form E92 and supporting form(s) E89.

For all other employers, HMRC recommends that the Employer NICs Holiday End of Year Return (form E92 and E89s) is completed at the same time as the Employer Annual Return (P35 & P14s) to avoid any discrepancies.

The holiday scheme ends on 5 September 2013 and employer NICs due on earnings paid after this date cannot be withheld, no matter when a business started trading. An insert is being enclosed with every return to highlight the importance of this date.

End of the Regional Employer NICs Holiday for New Businesses scheme

9 September 2013

A reminder to employers that this holiday scheme ended on 5 September 2013.

The Regional Employer NICs Holiday for New Businesses scheme ended on 5 September.

Employer NICs due on earnings paid after this date cannot be withheld, no matter when a business started trading.

National Minimum Wage (NMW)

LOW PAY COMMISSION (LPC) TRIENNIAL REVIEW: MARCH 2013

29 March 2013

The Department of Business Innovation & Skills has published findings from the 2012 to 2013 triennial review of the Low Pay Commission (LPC).

The Triennial review of the Low Pay Commission describes the purpose of triennial reviews, which is a Cabinet office mandated process that looks to review:

- the function of Non-Departmental Public Bodies (NDPBs)
- the appropriateness of the bodies' delivery mechanisms
- their governance arrangements

If you are interested in reading the conclusions drawn and subsequent recommendations made from this review the report can be accessed in full at GOV.UK.

GOVERNMENT ACCEPTS LOW PAY COMMISSION'S RECOMMENDATIONS FOR THIS YEAR'S ADULT AND YOUTH NATIONAL MINIMUM WAGE RATES

16 April 2013

The government has accepted the independent Low Pay Commission's (LPC) recommendations for this year's adult and youth National Minimum Wage (NMW) rates.

However, the government has concluded that the apprentice rate should be increased rather than frozen as recommended by the LPC. The LPC based this recommendation on concerns about level of compliance with the apprentice rate. The LPC recommended that the government should combine a communications campaign and a targeted enforcement initiative to ensure that the Apprentice Rate is known to employers and apprentices, and to ensure that infringers are caught, punished, and where appropriate, named.

The following rates will come into effect on 1 October 2013:

- the adult rate will increase by 12p to £6.31 an hour;
- the rate for 18-20 year olds will increase by 5p to £5.03 an hour;
- the rate for 16-17 year olds will increase by 4p to £3.72 an hour;
- the apprentice rate will increase by 3p to £2.68 an hour; and
- the accommodation offset increases from the current £4.82 to £4.91

NOT PAYING THE NATIONAL MINIMUM WAGE DOESN'T PAY

31 May 2013

HMRC has published news of their compliance action in 2012-13 against employers who were investigated for alleged breaches of the minimum wage rules.

In 2012-13, HMRC investigated 1,693 complaints against employers for allegedly breaching minimum wage rules. This resulted in 708 employers receiving automatic penalty charges of up to £5,000, with 51 of those employers being penalised to the maximum of £5,000.

26,519 employees received an average of approximately £150 in back pay, topping up wages that had previously been below the legal minimum rate.

Employment Minister Jo Swinson said:

"Paying less than the minimum wage is totally unacceptable. Whenever we find examples of businesses breaking the law we will crack down on them.

"Supporting fairness in the workplace is one of our key priorities and the National Minimum Wage is one way of making sure this happens. It supports as many workers as possible without damaging their employment prospects, which is why effectively enforcing the minimum wage is critically important in making sure it stays a success.

"The figures from last year show that HMRC can really help people who have been underpaid to claim back the money they are owed."

Cases where HMRC has taken action against employers in the past year:

- A major fashion chain was ordered to pay its 90 unpaid interns almost £60,000.

- A multi-outlet retailer, which required employees to purchase specific items of clothing from its range, was ordered to repay almost £170,000 for more than 6,000 workers.

- A national retailer, which required its employees to attend work before and after opening hours without pay, was ordered to pay arrears of wages of more than £193,000 for nearly 3,500 workers.

- A recruitment agency, requiring its workers to attend training at a client's business without pay, was ordered to pay £28,000 for 300 workers.

Michelle Wyer, Assistant Director of HMRC's National Minimum Wage team, said:

"Paying the National Minimum Wage is not a choice – it's the law. HMRC enforces the rules, protecting workers from rogue employers, ensuring they get at least the wage to which they are legally entitled.

"Where an employer ignores these rules, we will take steps to ensure arrears are paid out in full and the employer fined. In the most serious cases, criminal prosecution can follow."

In 2012-13,17,775 people called the Pay and Work Rights Helpline, which provides advice in more than 100 languages, for information or to report an illegal wage which lead to HMRC opening 1,408 enquiries into employers.

Follow this link to read the HMRC Press Release in full.

Information about current and future NMW rates can be found at the GOV.UK website.

CIPP SURVEY – NATIONAL MINIMUM WAGE 2014

9 July 2013

The CIPP Policy Team has prepared a short survey to feed in to the annual report of the Low Pay Commission on the National Minimum Wage and would very much appreciate 10 minutes of your valuable time. Thank you in advance.

Each year the Low Pay Commission is asked to prepare a report on the National Minimum Wage (NMW). This year their remit is to:

- monitor, evaluate and review the levels of the different NMW rates and make recommendations on the levels (in this case for October 2014); and
- review the contribution the NMW could make to the employment prospects of young people.

The Low Pay Commission is seeking views to help inform their report. The CIPP Policy Team has prepared a short survey based on the questions asked by the Low Pay Commission. We would be very grateful if you could spare around 10 minutes to complete survey which will help us feed into the recommendations for 2014. Thank you for your support.

The survey will close on 31 July 2013.

NATIONAL MINIMUM WAGE RATES FROM 1 OCTOBER 2013

15 August 2013

The Statutory Instrument has now been made which confirms the annual National Minimum Wage rates from 1 October 2013.

The following rates will come into effect on 1 October 2013:

- the adult rate will increase by 12p to £6.31 an hour;

- the rate for 18-20 year olds will increase by 5p to £5.03 an hour;
- the rate for 16-17 year olds will increase by 4p to £3.72 an hour;
- the apprentice rate will increase by 3p to £2.68 an hour; and
- the accommodation offset increases from the current £4.82 to £4.91.

The National Minimum Wage (Amendment) Regulations 2013 SI 2013/1975

NATIONAL MINIMUM WAGE ROGUES TO BE PUBLICLY NAMED AND SHAMED

27 August 2013

Employers who fail to pay the national minimum wage (NMW) will be publicly named and shamed under revamped plans to make it easier to clamp down on rogue businesses, Employment Relations Minister Jo Swinson announced today.

The new rules are part of government efforts to toughen up enforcement of the NMW and increase compliance. By naming employers it is hoped that bad publicity will be an additional deterrent to employers who would otherwise be tempted not to pay the NMW. This is on top of financial penalties which employers already face if they fail to pay NMW.

The revised NMW naming scheme, which will come into effect in October 2013, will strip back restrictions, making it simpler for government to name more employers who break the law.

Under the original scheme, employers had to meet one of seven criteria before they could be named. The minimum amount of national minimum wage owed to workers had to be at least £2000 and the average per worker at least £500 before an employer could be referred to the Department for Business, Innovation & Skills (BIS) from HM Revenue & Customs (HMRC) for naming. The revised scheme will remove these restrictions so that any employer who breaks minimum wage law can be named.

In 2012 to 2013 HMRC identified 736 employers who had failed to pay the national minimum wage leading to the recovery of £3.9 million in unpaid wages for over 26,500 workers.

BIS press release

National Minimum Wage poster

12 September 2013

The Department for Business, Innovation & Skills has published an informative poster detailing the NMW rates which come into effect on 1 October 2013 and also the Pay and Work Rights helpline number.

The government fully supports the National Minimum Wage (NMW) because it protects low income workers. It also provides an incentive for people to work. The NMW aims are to establish fairness in the workplace, ensuring that all workers receive at least the hourly minimum rates set.

Anyone entitled to the minimum wage should receive it. If a worker is not getting what they are legally entitled to they should call the Pay and Work Rights Helpline on 0800 917 2368.

Download the National Minimum Wage poster

CIPP feed in to Low Pay Commission report on the National Minimum Wage

20 September 2013

The CIPP Policy team published a survey in July to gather member opinion to help inform the Low Pay Commission's report on the National Minimum Wage.

Each year the Low Pay Commission is asked to prepare a report on the National Minimum Wage (NMW). This year their remit is to:

- monitor, evaluate and review the levels of the different NMW rates and make recommendations on the levels (in this case for October 2014); and
- review the contribution the NMW could make to the employment prospects of young people.

Thank you to those members who took the time to respond to our survey. The CIPP has submitted a formal consultation response which can be accessed through the link below. A summary of key findings is also listed below.

CIPP response to consultation on NMW for LPC report

Summary of key findings

The CIPP surveyed its members using an electronic survey tool which received 66 responses. Almost two thirds of these responses (72.8%) came from respondents paying more than 250 employees. Key findings are as follows:

- The majority of respondents state that the NMW has little or no impact on their business, with 68% saying they always pay above the NMW rates and 28% saying they pay some staff NMW and some staff more. The main reason given from those who say the NMW does have an effect was the narrowing of the pay gap between skilled and non-skilled workers as the increase to the NMW was higher than the increases many companies were able to give the rest of the workforce. Another respondent reported difficulty implementing a salary sacrifice scheme for automatic enrolment contributions.

- Many respondents, though not a universally held view, feel that the NMW has a positive impact on young people, believing that it assures them a fair rate of pay whilst they gain experience. However, when asked whether the NMW has impacted the employment prospects of young people, opinion is divided, with 34% believing the NMW has affected the employment prospects of the young, compared with 40% who think it has not had an impact.

- The majority of respondents are not impacted by the Apprentice Rate, either because they do not have apprentices or because they pay higher than the Apprentice Rate. Of those who do hold a view, opinion was again divided between those who feel it helps young people get on the employment ladder, and those who feel the rate is too low and could discourage young people from taking up an apprenticeship.

- Respondent views on the retention of arrangements for the accommodation offset are inconclusive, with 22% agreeing they should remain and 11% disagreeing. The remaining 67% were not in a position to provide an opinion.

- When considering future levels of the NMW rates, the majority of respondents suggested rates higher than current rates, with some suggesting that it would be prudent to increase the level of the NMW whilst reducing the level of state benefits, further encouraging the view that work pays.

NMW policy on HMRC enforcement and naming and shaming employers

2 October 2013

The government has published a document which sets out how the revised naming scheme will operate.

In line with the recommendations of the Low Pay Commission, on 1 October 2010 BIS announced a scheme to name employers who flout NMW law. The scheme came into effect on 1 January 2011. A revised scheme came into effect on 1 October 2013.

The National minimum wage: policy on HM Revenue & Customs enforcement, prosecutions and naming employers who break national minimum wage law 2013 sets out how the scheme will operate and the criteria for naming employers.

This document also sets out the how the Government operates the civil and criminal enforcement of the NMW in the light of the changes introduced by the Employment Act 2008, which came into effect on 6 April 2009.

The UK and London Living Wage rates have increased

5 November 2013

The UK Living Wage rate rose today by 20p to £7.65 per hour, and the London Living Wage rate rose by 25p to £8.80 per hour.

The UK Living Wage rate rose today by 20p to £7.65 per hour, and the London Living Wage rate rose by 25p to £8.80 per hour. The current national minimum wage rate for adults is £6.31.

Over 30,000 low-paid workers stand to get a pay rise of up to £400 a year because they work for companies signed up with the Living Wage Foundation as a Living Wage Employer. There are now 432 accredited Living Wage Employers.

For more details visit the Living Wage Foundation website.

TUC say government must increase minimum wage by more than the rate of inflation

12 November 2013

A bold rise in the national minimum wage (NMW) is needed next year to ease the living standards squeeze on the lowest paid workers, the TUC has said in its submission to the Low Pay Commission (LPC).

The warning comes as the TUC has calculated that the annual salary of a full-time worker on the minimum wage would be £770 higher this year, had the NMW kept pace with price rises since 2007.

The TUC presented evidence to the LPC on next year's minimum wage rates saying that the government must increase the minimum wage by more than the rate of inflation or average earnings growth to avoid putting even more financial strain on hard-working low-wage families.

Despite inflation currently running at 2.7 per cent, the government last month announced a minimum wage increase of just 1.9 per cent per cent for adults and 1 per cent for younger people. These small rises have meant a real-terms pay cut for around a million minimum wage workers, says the TUC.

The TUC argued that with higher household spending power so vital towards building a sustainable economic recovery, too low an increase in the minimum wage would limit demand and put more strain on the public finances. When employers pay decent wages, government spending on in-work benefits and tax credits falls, whilst revenues are boosted as income tax and national insurance receipts rise.
The TUC's view is that as the long overdue economic recovery strengthens in future years, increases in the minimum wage should become more generous. A bigger increase in the minimum wage in 2014 is also needed to restore what has been 'lost' in recent years.

TUC General Secretary Frances O'Grady said: "The recent minimum wage increase in October was actually a real-terms pay cut for hundreds of thousands of low-paid workers.

Read the full press release from the TUC

Guidance on calculating the National Minimum Wage

19 December 2013

The government is strengthening minimum wage enforcement and has published practical guidance to help employers comply with NMW legislation.

The government is strengthening minimum wage enforcement. In future all employers who are found not to comply with national minimum wage rules will be publicly named.

This guidance provides practical advice and examples to explain:

- what counts and does not count as pay and working hours for minimum wage purposes
- eligibility for the minimum wage
- how to calculate the minimum wage
- how we will enforce the minimum wage

Calculating the minimum wage – December 2013

National Minimum Wage increase survey

15 January 2014

Do you think the NMW should be increased in October 2014?

As you will no doubt be aware there have been many press debates over the last couple of weeks in respect of the National Minimum Wage (NMW).

The CIPP is interested in your views. Please spend a couple of minutes answering this quick survey which asks do you think the NMW should be increased in October 2014?

The survey closes at midnight 31 January 2014. Thank you for your time.

National Minimum Wage penalties to increase to £20,000 from February 2014

17 January 2014

Rogue employers who do not pay their workers the National Minimum Wage (NMW) will face an increased penalty of up to £20,000 as part of government's crackdown on employers who break the law.

Currently employers that break NMW law must pay the unpaid wages plus a financial penalty calculated as 50% of the total underpayment for all workers found to be underpaid. The maximum penalty an employer can face is £5,000.

Following an announcement by the Prime Minister before Christmas, the government will increase the financial penalty percentage from 50% to 100% of the unpaid wages owed to workers. The maximum penalty will increase from £5,000 to £20,000. Regulations introducing these new limits are subject to Parliamentary approval and are expected to be in force in February 2014.

The government also wants to go further and will bring in legislation at the earliest opportunity so that the maximum £20,000 penalty can apply to each underpaid worker.

Read more from The Department for Business, Innovation & Skills (BIS).

Briefing Note - National Minimum Wage

10 February 2014

A briefing note has been published which provides an update about some important changes to National Minimum Wage policy, which will have an impact on all employers.

What's Changing?

'Naming and Shaming'

From 2011, the Department for Business Innovation and Skills (BIS) has been able to 'name and shame' employers if they employed people who were paid below the minimum wage and the employer's behaviour met certain conditions. Only one employer has been named by BIS since the scheme started.

From October 2013, these conditions have been relaxed. This means that every employer who receives a Notice of Underpayment from HMRC will be considered for 'naming and shaming' even if their actions are unintentional. Employers will be able to make representations to BIS against being named. BIS will consider whether naming would carry risk of personal harm to an individual or a family member, pose a national security threat or otherwise not be in the public interest but the expectation is that in most cases details will be published.

You can find full details of the scheme in:

- Policy on HMRC enforcement , prosecutions and naming employers who break national minimum wage law [page 19 onwards]
- Enforcing national minimum wage law.

Higher Penalties

In addition to changes to the 'Naming and Shaming' scheme, the Prime Minister announced in November 2013 that there would be much higher penalties for employers who fail to pay the National Minimum Wage. He said:

"We are also clamping down on those who employ people below the minimum wage. They will pay the price with a fine of up to £20,000 for every under-paid employee - more than four times the fine today."

Statutory Instruments were laid mid-January to effect an interim change which will quadruple the maximum existing penalty, (from £5,000 to £20,000) and charge 100% of the total underpayment, rather than 50% as at present. The 50% reduction for paying all arrears within 14 days remains. This change is expected to come into effect for pay reference periods from early March 2014. Primary legislation to give effect to the £20,000 penalty, per worker, is timed for the end of 2014.

Background

HMRC administers and enforces NMW on behalf of the Department for Business Innovation and Skills (BIS). The NMW team has around 160 staff spread across 18 locations tackling non-compliance by employers - ranging from large national retailers to small local businesses. Complaints are passed on to the NMW team from the Pay and Work Rights Helpline for examination and the team also does some risk assessed work which isn't complaints driven.

Last year out of 2645 referrals, arrears were identified in 736 of them. Sometimes the failures to pay the right amount are deliberate but at other times the employer has misunderstood what's required of them or even just used incorrect personal details such as dates of birth, (the rates can change on birthdays).

Low Pay Commission recommends new National Minimum Wage rates

28 February 2014

The Low Pay Commission has recommended that the adult NMW rate should increase by 3 per cent on 1 October 2014, from £6.31 to £6.50 an hour.

The recommendations from the LPC are:

- the adult rate be increased by 3 per cent to **£6.50** an hour;
- the youth development rate be increased by 2 per cent to **£5.13** an hour;
- the rate for 16-17 year olds be increased by 2 per cent to **£3.79** an hour;
- the apprentice rate be increased by 2 per cent to **£2.73** an hour; and
- the accommodation offset be increased by 3.5 per cent to **£5.08** a day.

The Low Pay Commission has published the executive summary executive summary of its 2014 report, together with a letter from the LPC Chair, David Norgrove, to Vince Cable and Ministers.

The minimum wage has risen faster than other wages since during the economic slowdown, and the wages of the lowest paid are now higher relative to those of other workers than they have been for decades. However the real value of the minimum wage has fallen, even though the minimum wage has risen faster than other wages, because both it and average wages have been exceeded by inflation.

David Norgrove said:

"We have had to balance the risk of recommending more than business and the economy can afford, bearing in mind the pressures on low-paying sectors and small firms, against the risk of doing too little to start to restore the real value of the earnings of the lowest paid.

"We do believe however that the economic recovery should this year allow an increase in the real value of the minimum wage, the first increase for at least five years. So we are recommending that the adult rate should increase by 3.0 per cent on 1 October, from £6.31 to £6.50 an hour. This is likely to increase the number of jobs covered by the minimum wage by over a third to around one and a quarter million.

"Provided the economy continues to improve we expect to recommend further progressive real increases in the value of the minimum wage, restoring and then surpassing its previous highest level, so that 2014 will mark the start of a new phase – of bigger increases than in recent years – in the work of the Commission."

The Government is expected to publish the full 2014 report of the Low Pay Commission during the next few weeks.

Government gets tough with employers failing to pay National Minimum Wage

4 March 2014

Employers who owe their workers thousands of pounds for failing to pay them the correct National Minimum Wage have been named and shamed.

Employers who owe their workers thousands of pounds for failing to pay them the correct National Minimum Wage have been named and shamed by Business Secretary Vince Cable.

The government is introducing a series of tougher measures to crack down on employers who flout National Minimum Wage law. The first of these, a tougher naming and shaming scheme, came into effect on 1 October 2013.

Five employers are the first to be named under the stricter rules, who between them owe workers a total of over £6,800 in arrears and have been charged financial penalties totalling £3,381.40.

The 5 employers are:

- Peter Oakes of Peter Oakes Ltd, Macclesfield, neglected to pay £3619.70 to 2 workers
- Lisa Maria Cathcart of Salon Sienna, Manchester, neglected to pay £1760.48 to a worker
- Mohammed Yamin of Minto Guest House, Edinburgh, neglected to pay £808.56 to a worker
- Anne Henderson of Chambers Hairdressers, Middlesbrough neglected to pay £452.22 to a worker
- Ruzi Ruzyyev a car wash operator in Carmarthen neglected to pay £225.38 to a worker

As well as being publicly named and shamed, employers who fail to pay their workers the National Minimum Wage will face higher financial penalties of up to £20,000 as of 7 March 2014.

The government also plans to legislate at the earliest opportunity so that employers will also be given penalties of up to £20,000 for each individual worker they have underpaid, rather than the maximum fine applying to each employer. In the most serious cases, employers can also face criminal prosecution.

The new higher penalties that will come into force on 7 March 2014 will increase the National Minimum Wage financial penalty percentage from 50% to 100% of total underpayments and the maximum penalty applied from £5,000 to £20,000.

The 5 cases named were thoroughly investigated by HMRC after the workers made complaints to the free and confidential Pay and Work Rights helpline. Employers who are unsure of National Minimum Wage rules can also get free advice and information from the Pay and Work Rights helpline on 0800 917 2368.

Follow this link to read the full press release.

The government approves National Minimum Wage rise to £6.50 per hour

13 March 2014

The government has approved a rise in the National Minimum Wage to £6.50 per hour from 1 October 2014 with more than 1 million people set to see their pay rise by as much as £355 a year.

The rise will take effect in October 2014, as Business Secretary Vince Cable has accepted in full the independent Low Pay Commission's recommendations for 2014, including plans for bigger increases in future than in recent years.

The Low Pay Commission (LPC) has said the rise, the first real terms cash increase since 2008, is manageable for employers and will support full employment.

The National Minimum Wage rates from 1 October 2014, as recommended by the LPC, will be:

- a 19p (3%) increase in the adult rate (from £6.31 to £6.50 per hour)
- a 10p (2%) increase in the rate for 18 to 20 year olds (from £5.03 to £5.13 per hour)
- a 7p (2%) increase in the rate for 16 to 17 year olds (from £3.72 to £3.79 per hour)
- a 5p (2%) increase in the rate for apprentices (from £2.68 to £2.73 per hour)

Business Secretary Vince Cable said:

"The recommendations I have accepted today (12 March 2014) mean that low paid workers will enjoy the biggest cash increase in their take home pay since 2008. This will benefit over 1 million workers on National Minimum Wage and marks the start of a welcome new phase in minimum wage policy.

The independent Low Pay Commission plays a crucial role in advising the government about the minimum wage. This is why I asked them to look at how we could restore the real value of the National Minimum Wage as the economy recovers.

The LPC's new forward guidance gives us a much better understanding of how an economic recovery can be translated into faster and significant increases in the National Minimum Wage for low paid workers, without costing jobs.

The experts will continue to advise government on future wage rises to help the low paid, and in the meantime I urge businesses to consider how all their staff - not just those on the minimum wage - can enjoy the benefits of recovery."

Read the full press release

CIPP comment

The CIPP ran an online voting poll in respect of National Minimum Wage rise proposals via its LinkedIn group. Interestingly the majority who responded from the payroll profession believed the 3% proposed rise was in fact too low (53%) with only 15% saying it was too high. 30% believed it was just right, so the 3% only applying to the highest rate and the rest receiving just a 2% rise is a disappointing announcement. It is always difficult when assessing how much a statutory right should increase by as the big picture comes into play; the economy, political incentives with an election just round the corner and of course the employer, especially the SME. The CIPP is pleased however, that we know the rates much

earlier than usual, so there is something to be said for a politically driven piece of legislation after all!

Pay As You Earn

Basic PAYE Tools (BPT)

ERROR MESSAGES WITH BASIC PAYE TOOLS

23 April 2013

HMRC are aware of some common issues that users of the Basic PAYE tools have been experiencing. A list of error messages along with the action required for each message, has been published.

If you receive any of these error messages be aware that your submission has not been successfully received by HM Revenue & Customs (HMRC).

TAX YEAR END SUBMISSION 2012/13 V REAL TIME SUBMISSIONS 2013/14

1 MAY 2013

HMRC has provided clarification, if clarification is needed at this late stage that year end submissions for the 2012/13 tax year do not have to be made before making your first submission in real time in 2013/14.

Confusion appears to have been caused for some employers because some commercial software, as well as HMRC's Basic PAYE Tools, requires the 2012-13 end of year report to be completed before switching over to the Real Time Information version and enabling the employer to submit a first Full Payment Submission (FPS).

PILOT EMPLOYER USING BPT FOR EYU - SUPPLEMENTARY UPDATE: APRIL 2013

3 May 2013

HMRC has issued a supplementary monthly update for RTI Pilot employers.

This supplementary edition of the Pilot Employer Update aims to cover the Basic PAYE Tools (BPT) and the Earlier Year Update (EYU). You should read this if you will need to use the BPT to submit an EYU.

Many employers who need to send an EYU will find that their payroll software includes that functionality and if that is the case this update will be of no interest to you.

Please be aware that this section was updated on 3 May 2013:

As an RTI employer on the Pilot you will have met your End of Year filing obligations for 2012-13 if one of the following conditions is met by 19 May 2013:-

- We have received a Full Payment Submission (FPS) for the tax year 2012-13 with the 'Final Submission for Year' indicator or the 'Final Submission due to cessation' indicator completed, by 19 April 2013.

OR

- If you have paid employees during 2012-13 but not submitted an FPS for month 12, you must submit an Earlier Year Update for the tax year 2012-13 by 19 May 2013.
    - If you have not submitted an FPS in 2012-13, you must submit one for 2013-14 before you submit the EYU for 12-13.
    - However, if you operate an annual scheme, please contact us before taking any action.

OR

- For the tax year 2012-13 only, we have received an Employer Payment Summary (EPS), with the 'Final Submission for Year' indicator, or, the 'Final Submission due to cessation' indicator completed by 19 May 2013.
    - If you have made statutory payments or claimed Construction Industry Scheme (CIS) deductions, you should input the relevant year-to-date figures for 2012-13.
    - If you made no statutory payments or claimed no CIS deductions during the year, you should leave these fields blank.

This will ensure that you will be in the same position as regards penalties for 2012-13 as employers who were not part of the RTI pilot.

The entire supplementary update can be read in full at the HMRC website.

BASIC PAYE TOOLS EXPERIENCING PROBLEMS SUBMITTING PAYE INFORMATION IN REAL TIME

8 May 2013

HMRC has issued an update for small employers who are experiencing difficulties submitting their PAYE data in real time using the Basic PAYE Tools (BPT) software issued by HMRC.

This guidance is only for users of the BASIC PAYE Tools software, designed for employers with 9 or less employees who, when trying to send to the Government Gateway, the 'Submission results screen' shows **'**initialising submission**'** in the 'Submission status message' table and does not move on. The submission does not get sent. If you have experienced **any other problem**, please do not follow this guidance but instead contact HM Revenue & Customs' (HMRC's) Online Services Helpdesk on 0300 200 3600.

Guidance has been provided to help employers who are experiencing difficulties making their submissions, however in the meantime be aware that you should continue to run your payroll using Basic PAYE Tools RTI, paying your employees as normal.

COMPLETING P11DS FOR 2012-13 USING BASIC PAYE TOOLS (BPT)

20 May 2013

We have recently been receiving queries from members who are wondering how to use HMRC's BPT to complete their P11Ds for 2012-13.

HMRC's BPT no longer contains the facility to complete P11Ds. This is because there will shortly be a new tool for this available on HMRC's website. HMRC hope to make this tool available in June.

Further information is available on HMRC's website.

BASIC PAYE TOOLS TO SUBMIT AN EARLIER YEAR UPDATE NOW AVAILABLE

30 May 2013

If you were part of the RTI pilot during 2012-13 it may be that you have been waiting for HMRC to release the latest version of Basic PAYE Tools (BPT) so that you can submit an Earlier Year Update (EYU). On 3 May we told you that this would not be available until the end of May. This version is now available and you can download it from HMRC's website**.** If you need to use this to submit an EYU then you should do so by 13 June 2013 to avoid a late filing penalty.

BASIC PAYE TOOLS (BPT) UPDATED

11 June 2013

Basic PAYE Tools - RTI has been updated and version 13.1.13137 is now available.

This latest version of Basic PAYE Tools fixes a few issues that affected earlier versions of BPT. Do check that you are downloading the correct version before looking to update.

Coding Out Debt

Consultation – How to improve HMRC'S collection of debt: Coding out

11 July 2013

HM Revenue & Customs has published a consultation document which is seeking views from interested parties on its proposal to extend the current limits for 'coding out' of debts.

Encouragingly the paper includes the proposal to extend the 50 percent regulatory limit to cover all tax codes and not simply K codes.

The CIPP Policy team will be issuing a survey to members in due course however in the meantime the consultation document can be found at How to improve HMRC's collection of debt: coding out

The consultation will close on 5 September 2013.

CIPP survey - HMRC'S proposals for coding out debt

1 August 2013

The CIPP policy team are running a survey on the consultation How to improve HMRC's collection of debt: coding out and would very much value 10 minutes of your valuable time to share your views.

HMRC has recently issued a consultation document seeking views on their proposals to increase the amount or debt or underpayment that can be recovered through a PAYE tax code.

The current coding out limit of £3,000 per annum was set in 2011 in order to strike a reasonable balance between allowing HMRC to recover debts, whilst protecting lower earners. But as it applies to all taxpayers regardless of their incomes, it represents a larger

proportion of lower earners' income compared to that of higher earners. And higher earners also tend to have larger debts, which are less likely to qualify for coding out.

So coding out, one of HMRC's most effective debt collection methods, is a tool that can work well for lower and middle income earners, but from which higher earners are often excluded.

For example, at present, if a debtor owes £2,995 and earns £25,000 per annum, HMRC can use coding out to collect the debt. But if a debtor owes £3,005 and earns £100,000 per annum, HMRC is not able to use coding out to collect the debt, and must instead use more expensive debt pursuit methods. This is inefficient and unfair.

HMRC is therefore proposing to replace the current single scale by a graduated scale of limits. This would:

- protect those on lower incomes, with no change to the maximum that could be coded out for those earning less than £30,000; and
- introduce a graduated, income related scale for earnings of £30,000 or more so that a maximum of £17,000 could be coded out for a person with earnings of over £90,000.

Additionally the consultation also looks at the extension of the statutory safeguard to prevent PAYE deductions exceeding 50 percent of individuals relevant pay and expanding its use across all tax codes and not just K codes as now.

The CIPP Policy Team has prepared a survey to collect your views on this. The survey closes on 30 August and we would be very grateful if you could spare around 10 minutes to let us know what you think of these suggestions. Thank you very much.

CIPP response to consultation 'How to improve HMRC's collection of debt: coding out'

4 September 2013

The CIPP has today issued its response to HMRC's consultation on improving debt collection through coding out.

Whilst in broad agreement with the proposal to introduce graduated limits for the amount of debt which can be collected through PAYE, respondents had concern for those on low incomes. There was also disquiet over the likely increase in the number of enquiries employers will receive as a result of these proposals, and respondents suggested that HMRC look to improve the explanations in letters it issues to individuals.

Members can read a summary of the survey results and the full consultation response issued to HMRC through the document below.

CIPP response to consultation on how to improve HMRC's collection of debt: coding out - September 2013

Government response to 'How to improve HMRC's collection of debt: coding out'

18 February 2014

Following consultation last year the government now plans to proceed with the debt collection elements of the proposed changes, and the extension of the 50 per cent overriding coding out limit to all tax codes.

The government has published their response to the consultation 'How to improve HMRC's collection of debt: coding out'.

HMRC now plan to proceed with the debt collection elements of the proposed changes, and the extension of the 50 per cent overriding coding out limit to all tax codes. Following further analysis of the potential benefits, the government has decided not to introduce a graduated and increased limit for coding out PAYE underpayments and Self Assessment balancing payments.

The draft secondary legislation will be published for comment later this year. Work has also begun on the necessary changes to the SA and PAYE IT systems and processes and it is HMRC's current intention to introduce the changes to apply from the 2015/16 year.

Background
In July 2013 HMRC published a consultation 'How to improve HMRC's collection of debt: coding out' which sought views on its proposal to increase the amount, debt or underpayment that can be recovered through a PAYE tax code. The current coding out limit of £3,000 per annum was set in 2011 in order to strike a reasonable balance between allowing HMRC to recover debts, whilst protecting lower earners. But as it applies to all taxpayers regardless of their incomes, it represents a larger proportion of lower earners' income compared to that of higher earners. And higher earners also tend to have larger debts, which are less likely to qualify for coding out.

Additionally the consultation also looked at the extension of the statutory safeguard to prevent PAYE deductions exceeding 50 percent of individuals' relevant pay and expanding its use across all tax codes and not just K codes as now.

The CIPP Policy team issued a survey to collect member views and we published our response last September. Whilst in broad agreement with the proposal to introduce graduated limits for the amount of debt which can be collected through PAYE, respondents had concern for those on low incomes. There was also disquiet over the likely increase in the number of enquiries employers will receive as a result of these proposals, and respondents suggested that HMRC look to improve the explanations in letters it issues to individuals.

Employee Share Schemes

EMPLOYMENT-RELATED SHARES & SECURITIES BULLETIN – NUMBER 7

13 March 2013

The latest issue of the Employment Related Shares & Securities Bulletin has been published.

The seventh edition covers the following issues:

- Amendments to rules to reflect automatic changes under FB13
- Review of new schemes drafted to take account of changes in Finance Bill 2013
- S431 elections in CSOP scheme rules
- SIP - termination of a plan
- SAYE seven year contract prospectus change

EMPLOYMENT-RELATED SHARES & SECURITIES BULLETIN – NUMBER 8

17 May 2013

The latest Employment-Related Shares & Securities Bulletin has been published**.**

This edition which is published only when sufficient articles or updates are available contains two articles which are:

- Self-certification of employee share schemes and online filing of share scheme forms Quick response to enquiries – trial completed

CONSULTATION: OFFICE OF TAX SIMPLIFICATION: REVIEW OF UNAPPROVED SHARE SCHEMES

28 May 2013

HMRC has launched a consultation on the five recommendations that were made by the Office of Tax Simplification (OTS) in its review of non-tax advantaged (or 'unapproved') employee share schemes.

The consultation OTS: Review of Unapproved Share Schemes was launched on the 24 May and is hoping to hear from employers and employees who provide or receive employment-related securities (such as shares), their advisers and representatives, and payroll and share scheme administrators and will run until the 16 August 2013.

Further views and evidence are been sought on potential impacts of the OTS's recommendations in relation to:

- share for share exchanges and rollovers;
- the availability of corporation tax relief following takeover of a company;
- the taxation of ERS awarded to internationally mobile employees;
- section 222 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA), and the rules concerning the 'making good' of amounts paid by an employer in respect of tax on ERS; and
- the valuation rules for listed company shares.

HMRC SHARES AND ASSETS VALUATION FISCAL FORUM

8 July 2013

The next Shares and Assets Valuation Fiscal Forum will be held on 9 September 2013. If you have any items you would like raising at this meeting please email the Policy Team before 12 August 2013.

EMPLOYMENT-RELATED SHARES & SECURITIES BULLETIN – NUMBER 9

14 August 2013

The latest issue of the Employment Related Shares & Securities Bulletin has been published.

The ninth edition contains articles on:

- Employee shareholder
- Guidance on Finance Act 2013 changes to tax advantaged share schemes
- Revised SAYE prospectus
- Valuation of shares on LTIP vesting
- Employee ownership guidance
- Quick Response to enquiries trial – summary review
- Self-certification of employee share schemes

Employment-related shares & securities bulletin – number 10

12 September 2013

The latest issue of the Employment Related Shares & Securities Bulletin has been published.

The tenth edition contains articles on:

- Employee shareholder
- Guidance on Finance Act 2013 changes to tax advantaged share schemes – transition issues
- Grays Timber Products Ltd v HMRC

Employment-related shares & securities bulletin – number 11

28 November 2013

The latest issue of the Employment Related Shares & Securities Bulletin has been published.

The eleventh edition contains articles on:

- Employment Related Securities Manual updated
- Employee shareholder
- Enterprise Management Incentives – general offer
- Share Incentive Plans and free share awards
- Self-certification and online filing – Notice of changes from 2014

Employment-related shares & securities bulletin – number 12

7 January 2014

The latest issue of the Employment Related Shares & Securities Bulletin has been published.

The Employment-Related Shares & Securities Bulletin provides information and updates on developments relating to employment-related securities, including the tax-advantaged employee share schemes.

The twelfth edition contains articles on:

- Approval of schemes to 6 April 2014
- Amending annual returns
- Draft legislation published on 10 December 2013.

Annual Return Forms for approved and unapproved share schemes

20 January 2014

HMRC has published the 2014 version of certain share options forms for employers to file their returns at the end of the tax year.

The following forms have been published on HMRC's website:

- Form 34 (2014) SAYE option scheme

- Form 35 (2014) Company Share Option Plan (CSOP)
- Form 39 (2014) Share Incentive Plan
- EMI 40 (2014) Enterprise Management Incentives.

Share schemes – annual returns

23 January 2014

HMRC has published Form 42 (2014) for employers to file employment-related securities information at the end of the tax year.

Follow this link for full details of all updated annual return forms for approved and unapproved share schemes.

Employment Related Securities - administration changes

23 January 2014

HMRC is changing the way both new and existing employee share schemes and arrangements are administered.

The changes affect:

- Enterprise Management Incentives (EMI)
- Company Share Option Plans (CSOP)
- Save As You Earn option schemes (SAYE)
- Share Incentive Plans (SIP)
- any non-tax advantaged arrangements

If you're an employer operating this type of scheme or arrangement, find out what you need to do by following the link below.

Employment Related Securities - administration changes

Employment related securities forum minutes of December 2013

6 February 2014

The minutes of the employment related securities forum from the 9 December have been published and are available at the HMRC website.

The minutes along with the agenda and action log are available in the consultations section of the HMRC website.

The minutes record that a small sub-group of the forum is to be set up to consider how business might look to use the tax efficient employer ownership opportunities being introduced that will provide an income tax exemption up to £3,600 per year for certain payments made to employees of a company controlled by an employee ownership trust.

Employment-related shares & securities bulletin – number 13

12 February 2014

The latest issue of the Employment Related Shares & Securities Bulletin has been published.

The Employment-Related Shares & Securities Bulletin provides information and updates on developments relating to employment-related securities, including the tax-advantaged employee share schemes.

The thirteenth edition contains articles on:

- SIP and SAYE scheme limits
- Self-certification, registration and online filing – timeline.

Save As You Earn (SAYE) employee share option schemes

28 February 2014

From 6 April 2014 the maximum total amount of a person's monthly contributions under certified SAYE savings arrangements, is to increase from £250 to £500.

This Order Statutory Instrument: SI 2014/402 amends paragraph 25(3)(a) of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 to increase the maximum aggregate amount of a person's monthly contributions under certified SAYE savings arrangements linked to SAYE option schemes from £250 to £500 with effect from 6th April 2014.

Employment Related Securities - administration changes

11 March 2014

HMRC is changing the way both new and existing employee share schemes and arrangements are administered. The changes affect:

- Enterprise Management Incentives (EMI)
- Company Share Option Plans (CSOP)
- Save As You Earn option schemes (SAYE)
- Share Incentive Plans (SIP)
- any non-tax advantaged arrangements

If you're an employer operating this type of scheme or arrangement, find out what you need to do below.

Register online from 6 April 2014
From 6 April 2014 you must register all existing and new employee share schemes and arrangements online. You must also self-certify that any tax advantaged schemes meet certain requirements. You must register:

- unexercised EMI options
- new grants of EMI options
- non-tax advantaged arrangements currently recorded on Form 42
- CSOP schemes, SAYE option schemes and SIPs

HMRC will no longer approve any new tax advantaged schemes. You must self-certify CSOP, SAYE and SIP to confirm that they meet legislative requirements. If you don't do this, any tax advantages will be lost.

Using the new online service
The Employment Related Securities (ERS) service will be part of the PAYE Online for employers service. To use the service you must be registered for HMRC taxes and signed up as an organisation for online services.

If you're not registered you can sign up now - follow the link below for more information.
Register for HMRC taxes and sign up for online services

If you're signed up for online services you can add other people within your organisation so they can access all or some services.

If you're unable to file online please contact share schemes to discuss alternative arrangements.

If you don't operate PAYE
If you're registered with HMRC as a business but don't operate PAYE on employees you'll need to add PAYE to use the ERS service. HMRC will give you further details on how to register before April 2014.

File online from April 2015
From April 2015 you must file all information returns online. Automatic penalties will apply for late filing. HMRC will no longer send a notice to file or reminder. If you don't register your schemes and arrangements by 6 July 2015 schemes previously approved will lose their tax advantages.

More information
Read more about the changes by following the links below.

- Employment Related Shares and Securities Bulletin
- Employer Bulletin - Issue 45

Employment Related Securities online service

10 April 2014

From 6 April 2014 you must tell HMRC about your company share schemes and other employment-related securities arrangements using the new Employment Related Securities (ERS) online service.

HMRC has published updated guidance which tells you how to register, self-certify and file online.

Save As You Earn savings arrangements - Increase in monthly savings limit

10 April 2014

The monthly SAYE savings limit has been increased from £250 to £500 with effect from 6 April 2014.

SAYE Bonus Rates

- SAYE Bonus Rate mechanism
- Changes in Bonus Rates
- SAYE - withdrawal of the 7 year savings period
- SAYE - increase in monthly savings limit
- Model SAYE Prospectus
- Historical SAYE Bonus Rates

Employment-related shares & securities bulletin – number 15

11 April 2014

The latest issue of the Employment Related Shares & Securities Bulletin has been published.

The Employment-Related Shares & Securities Bulletin provides information and updates on developments relating to employment-related securities, including the tax-advantaged employee share schemes.

The fifteenth edition contains articles on:

- Finance Bill 2014 - outline of shares & securities changes
- Schedule 6 Finance Bill 2014 - guidance on commencement and transitional provisions
- Enterprise Management Incentive notification
- Guidance on accessing online ERS service.

Employee Ownership

‘SHARES FOR RIGHTS’ REJECTED BY HOUSE OF LORDS

22 March 2013

The House of Lords this week voted down the Government’s shares for rights scheme, which would allow staff to give up key employment rights in return for shares in the company worth anything from £2,000 to £50,000. Reports Workplace Law

Chancellor, George Osborne suffered the setback as his much debated scheme was rejected by the House of Lords by 232 to 178 votes amid widespread criticism.

The scheme was intended to encourage employment, with businesses less wary about taking on staff since they would not be subject to expensive hiring costs and would be able to lay off people more easily. Workers would give up training, redundancy and flexible working rights.

The former Cabinet Minister, Lord Forsyth of Drumlean, one of several senior Conservatives to criticise the plans, described the idea as “ill-thought through, confused and muddled”.
He added:
“I am astonished the Coalition would even think of bringing forward such a measure.”

Responding to the House of Lords' vote, TUC General Secretary, Frances O'Grady, said:

“This proposal was the flagship policy in the Chancellor's speech to the Conservative Party Conference. Indeed in today's budget he announced further sweeteners.
“This humiliating defeat reflects the near universal thumbs-down it has received from business and unions. Some employers have said that employment rights should not be for sale, and many others have said that they simply see no use for the scheme as anything other than a tax dodge.”

O'Grady added:

"The margin of defeat - a big victory for union campaigning - suggests that ministers should quietly abandon this policy."

The Government will now have to decide whether to overturn the defeat in the Commons.

EMPLOYMENT RIGHT V SHARES – HOUSE OF COMMONS VOTE IN EMPLOYEE SHAREHOLDERS

17 April 2013

After its previous defeat in the House of Lords, the House of Commons have voted to re-instate clause 27 of the Growth and Infrastructure Bill and allow the status of Employee Shareholder.

Commenting after the vote was held in the Commons to re-instate the Chancellor's flagship shares for rights proposal, after its previous defeat in the Lords, TUC General Secretary Frances O'Grady:

'Employment rights should not be for sale. Employers do not want to buy them, and employees will not want to sell them. What is worse is that it's only real practical use is as a tax dodge.'

EMPLOYEE SHAREHOLDER STATUS – THE VOTING CONTINUES

24 April 2013

The House of Lords have voted for the second time to reject the proposed Employee Shareholder status set out in the Growth and Infrastructure Bill.

With thanks to Daniel Barnett's Employment law bulletin. Under this scheme, which creates a third type of employment status, employers can award employees at least £2,000 in shares in exchange for the employee giving up a bundle of employment rights (including 'ordinary' unfair dismissal and the right to a statutory redundancy payment).

The government is determined to pursue the scheme, however, and this morning published a list of concessions which it hopes will mean the Lords accepts the proposed legislation. The concessions include:-

- a provision that the employee cannot accept the offer within seven days of it being made (how that would work in practice is unclear, and an employer remains free to refuse to offer the job to a prospective employee who doesn't want to take up employee shareholder status)

- a written statement setting out the rights that the employee is giving up

- a written statement setting out the details of the shares being offered (including whether they are voting or non-voting shares, whether they carry a dividend, and whether they carry a right to a share in the company's assets if it is wound-up, whether pre-emption rights are excluded, and details of drag-along and tag-along rights). Most employees will not understand the implications of this information, and there is nothing to prevent employers issuing pages of gobbledigook about the shares which buries this information somewhere within.

The government had made some earlier concessions to the original proposals:-

- a jobseeker who refuses a job on an employee shareholder basis will not automatically forfeit their unemployment benefits

- the first £2,000 of shares given to the employee will not attract income tax

So, the Commons will now re-debate - and presumably re-pass the relevant clause of the Growth and Infrastructure Bill. It will then go back to the Lords for a third time.

THE ENTERPRISE AND REGULATORY REFORM BILL RECEIVES ROYAL ASSENT

26 April 2013

Following some tinkering and concessions the Enterprise and Regulatory Reform Bill 2013 finally received Royal Assent.

Amongst other things, this legislation will bring about the introduction of a new employee status later this year – that of Employee Shareholder.

In an announcement from the Department for Business, Innovation & Skills the Business Minister Jo Swinson said:

“The measures in the Enterprise and Regulatory Reform Act will support the UK’s enterprise culture and help make it one of best places to do business.”

“It will put in place fairer systems for directors’ pay, create a world-class competition regime, support the Green Investment Bank and improve our employment system. This will help businesses to start up, grow and employ more people.”

The Bill was also the vehicle for implementing some of the Red Tape Challenge reforms. Many other Red Tape Challenge reforms are being implemented by Statutory Instrument or administrative measures.

GOVERNMENT CONTINUE TO COMMIT TO EMPLOYEE OWNERSHIP

2 May 2013

The Department for Business, Innovation & Skills continue to promote employee ownership by announcing changes to over-burdensome share buy back rules which are aimed at boosting direct employee ownership and cutting red tape.

Employment Relations and Consumer Minister Jo Swinson also announced that Thursday 4 July 2013 will be the first national Employee Ownership Day. The day aims to raise awareness of the Employee Ownership sector at both national and local level across the UK and to illustrate the achievements and progress made since last year’s Employee Ownership Summit.

Employment Relations and Consumer Minister Jo Swinson said:

“Hundreds of businesses will benefit from the introduction of reforms that make direct employee ownership easier and simpler for both employers and employees.”

“Evidence shows that employee owned companies can be more profitable, create more jobs and were more resilient during the economic downturn. We are committed to making direct employee ownership more attractive, cutting red tape for companies, and promoting new and more responsible ways of running a business.”

“I hope these changes, alongside the announcement of an Employee Ownership Day on 4 July, will raise awareness of the benefits of employee owned companies and lead to an increase in the number of direct employee owned firms across the UK.”

Under a separate announcement BIS have also published draft ‘off the shelf’ model documentation for setting up an employee owned company. Further details can be found at GOV.UK website on making employee ownership more accessible.

It would also appear that no-one can accuse government of not being prepared to put in to practice employee lead schemes as a further announcement is made that sees the government’s Behavioural Insights Team take its first step to becoming a profit-making joint venture as the Cabinet Office launches a competition to find a commercial partner for the business. Less than three years after it was set up in the Cabinet Office the team is the first policy unit set to spin off from central government. This has been employee-led as the staff of the BIT have driven the process and will continue to run the organisation.

GOVERNMENT TO PROVIDE TWO NEW TAX RELIEFS TO ENCOURAGE EMPLOYEE OWNERSHIP

4 July 2013

Views sought on providing tax reliefs to encourage employee ownership.

The government has launched a consultation on providing two new tax reliefs to encourage and support the creation and growth of employee-owned companies.

First is a capital gains tax relief which would apply when the controlling share of a business is sold into an indirect employee ownership structure. This would encourage individuals wishing to sell their business to consider an indirect employee ownership structure, leading to the creation of new indirect employee ownership structures.

The second tax relief being considered is an income tax and National Insurance contributions (NICs) exemption. This would allow indirectly employee owned companies to pay their employees a certain amount per annum, free of income tax and NICs. There would also be an employer NICs exemption for the company.

Launched on Employee Ownership Day, this consultation is focused on indirect employee ownership forms; this is where shares are held collectively on behalf of the employees – for instance in an employee benefit trust.

The government is seeking views on from people both inside and outside of the employee ownership sector. The CIPP Policy Team will review this consultation and issue a survey to collect member views if appropriate.

DEPARTMENT FOR BUSINESS, INNOVATION & SKILLS PRODUCES GUIDANCE ON EMPLOYEE OWNED COMPANIES

9 July 2013

To further demonstrate the government commitment to employee owned business the Department for Business, Innovation & Skills have recently published model documentation and guidance for businesses on the subject of moving to employee ownership.

The model documentation and guidance on moving to employee ownership model documentation can be found at GOV.UK website.

A guide for employees has also been published and aims to provides good practice guide on employee ownership, the benefits it offers and how employees can request it. It doesn't provide legal advice or attempt to provide all the answers but it indicates the key questions and stages. It also provides further sources of information.

EMPLOYEE SHAREHOLDER STATUS IN FORCE FROM 1 SEPTEMBER 2013

23 July 2013

The Growth and Infrastructure Act 2013 (Commencement No. 3 and Savings) Order 2013 has been made which will create the new employment status of employee shareholder.

The Order 2013 No.1766 (C. 72) will bring into force, on 1st September 2013, section 31 of the Growth and Infrastructure Act 2013 (c. 27). That section amends the Employment Rights Act 1996 under section 205A, in order to create the new employment status of employee shareholder to come in to force on 1 September 2013.

Employee shareholder status guidance

3 September 2013

The government has published three sets of guidance on the new employment status of employee shareholders which came into force on 1 September 2013.

The process for offering or accepting a job on an employee shareholder basis is different to jobs offered on other employment contracts. Use the Department for Business, Innovation & Skill's guidance to help you decide:

- if your company wants to take on an employee shareholder
- if you want to become an employee shareholder.

What is employee shareholder status?

Employee shareholders have different employment rights to employees, and are awarded at least £2,000 worth of shares in their employer or a parent company. There is no requirement for businesses wishing to offer an employee shareholder contract to obtain HMRC's approval or agreement.

For detailed information on the tax treatment and values of shares in relation to the employee shareholder employment status, see HMRC's employee shareholder guidance.

Income Tax and National Insurance Contributions on employee shareholder shares

Income Tax and NICs is not usually chargeable on the first £2,000 of share value received by an employee shareholder. This is because the employee shareholder is deemed to have made a payment of £2,000 for the shares. The normal rules for the taxation of urities apply to any value received in excess of £2,000.

The 'deemed payment' only applies on the first occasion on which an individual acquires 'qualifying shares' under an employee shareholder agreement with their employer, and is subject to the employee shareholder not having a 'material interest' in the company.

For more information see HMRC's share schemes technical guidance.

Government seeks views on further simplification of employee ownership

25 November 2013

A call for evidence has been published which seeks views on what the government can do to further simplify the use of employee ownership.

Background
In July 2012 the Nuttall Review of Employee Ownership 'Sharing Success' was published. This Review concluded that the barriers to greater adoption of employee ownership fell into three categories:

(i) a lack of awareness of the concept of employee ownership;
(ii) a lack of resources available to support employee ownership; and
(iii) the actual (or perceived) legal, tax and other regulatory complexities of employee ownership.

Since the publication of the Review, significant steps have been taken to reduce these barriers. On the specific issue of reducing the complexity of employee ownership, steps taken include the production of model company documentation and simplifications into the way internal share markets operate.

This Call for Evidence seeks views on what further actions Government should take and specifically, seeks views on whether and how the Nuttall Review Recommendation U should be taken forward. This recommended that employee benefit trusts should be able to last forever and should not be subject to the rule against perpetuities. The rule against perpetuities prevents property from being tied up indefinitely.

This Call for Evidence is relevant to:

- UK businesses who have already adopted employee ownership (particularly using an employee benefit trust),
- UK businesses with an interest in adopting employee ownership; and
- organisations who represent or advise such businesses, and in particular those who advise on creating and maintaining employee benefit trusts.

'Amending the perpetuities rule and simplifying employee ownership' is open until 19 February 2014.

Expat News

REAL TIME INFORMATION FAQS FOR EXPATS

18 December 2012

HMRC has updated the frequently asked questions from employers and payroll professionals who have expatriate employees working either in the UK or overseas.

Follow the link below to read the latest version of questions and answers that employers have been asking during the pilot.

Employers: operating PAYE in real time for expatriate employees

UPDATE TO SHORT TERM BUSINESS VISITORS TO UK – PAYE

26 APRIL 2013

HMRC has published updated arrangements relating to short term business visitors to the UK.

As from 6 April 2013 short term business visitor arrangements have been updated. Employers who already have signed agreements in place with HMRC do not need to reapply.

STATUTORY RESIDENCE TEST – GUIDANCE UPDATED

9 May 2013

HM Revenue & Customs has published guidance aimed at helping an individual to decide if they are resident in the UK for the purpose of paying tax.

Guidance was updated as a result of recent legislative change, through the Finance Bill, which put the rules determining an individual's tax residence on a statutory basis which is to be known as The Statutory Residence Test (SRT). The rules surrounding The Statutory Residence Test have applied from 6 April 2013.

For most people whether or not they are resident for tax purposes is quite straightforward under the test and their position will not change, however for an individual who has complex circumstances the SRT will provide more certainty about their residence status.

An on-line resource in the form of a residence indicator is to be launched by HMRC, initially on a Pilot basis in the coming weeks, to help individuals to establish their SRT.

In the meantime more traditional guidance in the form of a Guidance Note: Statutory Residence Test (SRT) and Guidance Note: Overseas Workday Relief (OWR) is available at HMRC website

HMRC6 is also to be updated to reflect the introduction of the Statutory Residence Test.

PILOT VERSION OF TAX RESIDENCE INDICATOR PUBLISHED

31 May 2013

HMRC has published the pilot or 'beta' version of the Statutory Residence Test tool - the Tax Residence Indicator.

The pilot or 'beta' version of the Statutory Residence Test tool, the Tax Residence Indicator, has now been published.

As it is a pilot version there is a limit on the number of people who can access the tool at the same time so, depending upon demand, you may need to exercise some patience and if you get a "system error" message please try again later.

HMRC will review actual levels of usage and will use the data to reassess access limits before the updated version is released later in the year.

If, having used the Tax Residence Indicator, you would like to provide HMRC with feedback on your experiences please send your comments by email and ideally before the end of June, to Hilary Pogson at hilary.pogson@hmrc.gsi.gov.uk.

HMRC CONSULTATION - IMPLEMENTING THE UNITED KINGDOM'S AGREEMENTS WITH THE CROWN DEPENDENCIES TO IMPROVE INTERNATIONAL TAX COMPLIANCE

26 June 2013

HM Revenue & Customs has published a discussion document on the implementation of the model Agreement to be entered into between the UK and Crown Dependencies/Overseas Territories to improve international tax compliance.

The closing date for comments on the discussion document is the 6 September. The proposals will be reviewed in light of the responses, with the view to introducing regulations and guidance in Autumn 2013.

HOW IS YOUR PAYROLL SOFTWARE DEALING WITH APPENDIX 5?

10 July 2013

The question of how payroll software deals with adjustment to real time submissions for Foreign Tax Credit Relief (FTCR) came up at a recent meeting of the Ex Pat Forum and in response to stakeholder requests HMRC has provided script for employers in the event that they receive a call from Debt Management & Banking (DMB) personnel querying an apparent underpayment, which the employer knows to be as a result of an offset for Foreign Tax Credit Relief.

"The discrepancy is due to the fact we are an Appendix 5 employer and our software will not allow us to report the correct tax position for some employees. HMRC are aware of this issue".

Stakeholders have been assured that DMB personnel have been briefed about this issue.

If any members who have to deal with the requirement to adjust returns to account for foreign tax credit relief and who can achieve this successfully through their software, the CIPP Policy & Research Team would very much appreciate you letting us know what software you use and how you achieve success. Please email samantha.mann@cipp.org.uk letting her know of your experiences with your software, RTI and Foreign Tax Credit Relief. Indeed Samantha would very much like to hear from any member willing to share their experiences so far of real time in an expat world.

Statutory Residence Test – revised guidance note

2 September 2013

HMRC has published a revised guidance for the new Statutory Residence Test (SRT), which was introduced for the 2013/14 tax year.

This SRT Guidance Note gives you information about the SRT, introduced in Finance Act 2013, and how HMRC interprets the legislation in the context of applying the SRT to an individual's circumstances.

The guidance should be read in conjunction with the statutory residence test legislation, which forms Schedule 45 to the Finance Act 2013, to gain a comprehensive understanding.

Revised form P85 - Leaving the UK - getting your tax right

16 September 2013

The form P85 has been further revised to take account of changes in residence rules effective from 6 April 2013.

The form can be accessed on HMRC's website.

Update to real time information expat FAQs

4 October 2013

HMRC has updated the expat frequently asked questions (FAQs). The update includes important information for users of EP Appendix 5 and 6.

Expat employers FAQs

BDO Expatriate Tax Newsletter

21 October 2013

BDO has kindly shared their latest Expat Tax Newsletter with the CIPP.

For members who deal with international payroll, the BDO Expat Tax Newsletter provides a brief overview of issues affecting international assignees, predominantly, but not exclusively, from a tax and social security perspective.

With thanks to BDO for sharing their newsletter. You can view the newsletter by going to the CIPP News item through the link below.

BDO Expatriate Tax Newsletter

Uruguay and UK Tax Information Exchange Agreement

22 October 2013

A Tax Information Exchange Agreement (TIEA) was signed with Uruguay on 14 October 2013.

The new TIEA with Uruguay will enable the UK and Uruguay to exchange information to the OECD (Organisation for Economic Co-operation and Development) to ensure that the right amount of tax is paid in each country in the future.

The Agreement will come into effect as soon as each government has completed the necessary procedures to give effect to it under its domestic laws.

The text of the TIEA can be accessed through the link below.

Tax Information Exchange Agreements signed/not in force

UK and Isle of Man sign agreement to improve international tax compliance

22 October 2013

As a result of an agreement between the UK and the Isle of Man, certain financial data on UK taxpayers with accounts in the Isle of Man will automatically be reported to HMRC each year.

An Arrangement comprising of an Exchange of Letters amending the 1955 Arrangement between the UK and the Isle of Man was signed in London on 10 October 2013 by David Gauke MP, Exchequer Secretary to the Treasury and Allan Bell MHK, Chief Minister of the Isle of Man. The new Arrangement permits comprehensive automatic and spontaneous exchanges of information.

This is the first time that an agreement based on the US Foreign Account Tax Compliance Act (FATCA) has been signed between two parties neither of which is the US.
The government is currently in discussions about similar agreements with the rest of the Crown Dependencies and the Overseas Territories.

The text of the new Arrangement is available on HMRC's website, and will be published by the Stationery Office as soon as it is presented to Parliament for approval.

Go to Tax treaties signed/not in force

Guernsey and Jersey: Tax Information Exchange Agreements (TIEAs)

24 October 2013

Exchange of Letters amending the 2009 TIEAs were signed in London on 22 October 2013 to allow for the comprehensive automatic and spontaneous exchanges of information.

Exchange of Letters amending the 2009 Tax Information Exchange Agreements (TIEAs) were signed in London on 22 October 2013 by David Gauke MP, Exchequer Secretary to the Treasury and Deputy Peter Harwood Chief Minister for Guernsey and Senator Ian Gorst - Chief Minister for Jersey respectively.

Tax Information Exchange Agreements signed/not in force

The text of the amended Agreements is available on HMRC's website, and will be published by the Stationery Office as soon as it is presented to Parliament for approval.

Composite payment scheme process

25 October 2013

The process for sending payments to HMRC in January 2014 is unchanged from 2012 and 2013 so new packs will not be issued automatically.

Employers should use the template spreadsheet and reference number provided for 2012. The spreadsheet needs to be sent for processing 5 days before the payment is made to HMRC.

If the spreadsheet or information sheet is no longer available, please contact:

- aoc.directpayments@hmrc.gsi.gov.uk where payments are due to be made to Cumbernauld; or
- aos.directpayments@hmrc.gsi.gov.uk where payments are due to be made to Shipley.

RDR1 - Residence, domicile and the remittance basis

25 October 2013

RDR1 is a guide for UK residents and non-residents on the residence, domicile and remittance basis rules for tax years 2012-13 onwards. It replaces the booklet HMRC6.

The RDR1 guidance reflects the introduction of the legislative changes to the remittance basis that came into effect for tax year 2012-13 and the introduction of the statutory residence test for tax years 2013-14 onwards. However, comprehensive details of these changes are not yet included and are available in the following notes:

- Information Note; Remittance Basis
  Guidance Note: Statutory Residence Test (SRT)
  Guidance Note: Overseas Workday Relief (OWR)

An updated RDR1 booklet, covering all these changes will be published later this year.

RDR1 - Residence, domicile and the remittance basis

UK signs automatic tax information sharing agreement with Cayman Islands

7 November 2013

Financial information on UK taxpayers with accounts in the Cayman Islands will now be automatically provided to HMRC.

Following the commitment of all the Overseas Territories earlier this year to sign such agreements, the Cayman Islands are the first Overseas Territory to formalise their agreement with the UK.

There is an interactive timeline which gives an overview of what the government is doing internationally to reduce tax avoidance and evasion.

An important step towards the new global standard to be agreed early next year, financial information on UK taxpayers with accounts in the Cayman Islands will now be automatically provided to HMRC.

This will help HMRC to ensure that the correct amount of tax is being paid by those with money in Cayman Islands accounts and increase HMRC's ability to clamp down on tax evasion.

The announcement follows the agreements signed between the UK and the Crown Dependencies of the Isle of Man, Jersey and Guernsey in October.

The Cayman Islands have also agreed to be part of the G5 multi-lateral information sharing pilot. Initially agreed between the UK, France, Germany, Italy and Spain, the Cayman Islands will join these countries in automatically exchanging information about bank accounts held by taxpayers from their jurisdictions.

In total, 31 jurisdictions have now joined the initiative.

HMT: HMRC press release

Agents acting for inbound expats

22 November 2013

An information bulletin for agents acting for inbound expats has been shared with the CIPP through the Expats Forum.

Information bulletin

Payment on Account (POA) – Modified schemes

Although Payments on Account are not required for individuals included in an EP Appendix 6 Scheme, there is no automatic facility to remove them from the statement where the Tax Return is filed online.

It is therefore important to contact us separately each year to inform us of the names and Unique Taxpayer References for individuals who have underpayments of tax on their Self Assessment record.

Agent ID/Code

The agent code shown on the 64-8 will determine the office that has on-line access to view Statements of Account through the online portal.

Extra security checks are required where a different agent code is used to file a Tax Return.

Using the correct agent code will remove the need to submit an R38 in [most] cases and as such reduce delays in issuing repayments to nominees.

64-8's (Assignees without National Insurance numbers or UTRS)

In order to process a 64-8 we require the following information:

- Employers name and PAYE reference.
- The date on which the assignment commenced.
- Full name, date of birth and address.
- The advisors name, reference number and telephone number. This will enable us to contact you if we need further information.

Submitting all of this information with the 64-8 will enable us to process the form without delay.

Please note that we only process 64-8's for inbound assignees and they should be sent to the address below. Other forms 64-8 s are processed by the Central Agent Authorising Team. To avoid unnecessary delays please send the forms to the correct office.

The Expat Team in Personal Tax International

This team deals with the tax and National Insurance Contributions (NICs) of foreign employees who are either seconded to work in the UK or retain a relationship with a linked overseas employer while working here. If your client does not fit this criteria please contact the normal Contact Centre by using the 'Agent priority line' on 0300 200 3311.

Our Contact Details

Tel: 03000 533148

Fax: 03000 531121

Address: HMRC Personal Tax International
Operations
S0733
PO Box 203
Bootle
L69 9AP

UK signs Agreement for Automatic Information Exchange with Gibraltar

26 November 2013

The UK has published an Intergovernmental Agreement to Improve International Tax Compliance that was signed with Gibraltar on 21 November 2013.

Follow the link below for full details.

UK/Gibraltar Agreement for Automatic Information Exchange

SEPA'S impact on payrolls

3 December 2013

If your organisation makes payroll payments in euros, you need to be aware of the impact of SEPA (Single Euro Payments Area).

Bottomline Technologies reports that as well as changes to the way you send data to your bank, there are other SEPA considerations for payroll:

Will my organisation be impacted by SEPA?
If you make payroll payments in euros today – yes. SEPA changes the way that payments and collections are handled across Europe, reducing 50+ file formats and rules down to one single set of file formats and schemes.

When is the SEPA Migration Date?
This depends where your euro account is domiciled. If it is domiciled in a eurozone country (i.e. one that has the euro as its currency) then you will need to be ready with the ISO20022 XML file formats and be using BIC (Bank Identifier Code) and IBAN (International Bank Account Number) 1st February 2014.

Are there any payroll-specific fields in the SEPA ISO20022 file format?
A number of banks support the use of a specific 'SALA' notifier in the new file format – this will ensure that your payroll payments are grouped so you only see a single debit on your bank statement, ensuring only authorised people can see who has been paid.

Won't my bank just convert the old formats to SEPA formats for me?
The SEPA regulations are clear that the bank may not offer conversion services as part of a straight through process. If the bank does offer conversion services, they will not be accessed via your normal bank channel or will be accessed via a third party. The converted data will typically be returned to the corporate, which will then have to resubmit the data back to the bank.

Will my UK-based in-country domestic payments have to change by 2016?
No. For non-eurozone countries, domestic schemes do not have to change; however, payments made from a UK-domiciled euro account will have to comply with SEPA rules.

To find out more about SEPA and its impact on euro payments download The SEPA Migration Guide.

UK signs agreements for Automatic Information Exchange with Overseas Territories

3 December 2013

November 2013 the UK has signed Intergovernmental Agreement to Improve International Tax Compliance with Bermuda, Montserrat, the Turks and Caicos Islands and the British Virgin Islands.

Full details can be accessed through the link below.

International agreements to improve tax compliance

EU extends new SEPA bank payment system deadline by 6 months

13 January 2014

Last month we published news about SEPA (Single Euro Payments Area) and the impact on payroll if your organisation makes payments in euros.

News published on RTE states that the European Commission has extended the 1 February 2014 deadline for the introduction of SEPA.

The Single Euro Payments Area is meant to speed up payments and so reduce business and consumer costs by ensuring standard conditions, rights and obligations across Europe. SEPA will still formally come into being on February 1 but payments made in other formats will continue to be accepted for another six months.

"I regret having to do this but it is a measure of prudence to counter the possible risk of disruption to payments," EU Internal Markets Commissioner Michel Barnier said in a statement.

"I have warned many times that migration was happening too slowly and call once more on member states to accelerate and intensify efforts to migrate to SEPA," Barnier said. *"The transition period will not be extended after 1 August,"* he added.

The Commission said that by November, SEPA Credit Transfers were about 64% compliant and SEPA Direct Debits only 26%, meaning the February 1 deadline was "now highly unlikely" to be met.

The European Central Bank insisted that within the single currency euro zone bloc great progress had been made and urged all involved to complete the switch as quickly as possible.

"Strong and successful migration efforts have been carried out in the euro area," the ECB said in a statement, adding that the most recent information pointed to an acceleration.

"The vast majority of stakeholders will complete their migration on time," it said. Stressing that the February 1 deadline remains in place, the ECB urged all "participants to complete the transition of all credit transfer and direct debit transactions to the SEPA standards by this date."

SEPA will cover the 28 EU member states plus Iceland, Liechtenstein, Monaco, Norway and Switzerland when fully operational.

Joint Expatriate Forum on tax and NICs

17 January 2014

The minutes of the last 2013 Expat's Forum have now been published and include a log of FAQs.

Joint Expats Forum: meeting minutes - 8 October 2013

UK/Zambia Double Taxation Agreement

17 February 2014

A new comprehensive Double Taxation Agreement between the UK and the Republic of Zambia was signed in Lusaka on 4 February 2014.

EP Appendix 5

26 March 2014

HMRC has been advised that some software developers have been unable to update their products for EP Appendix 5 but are looking to do so before 6 April 2015.

HMRC has therefore decided to extend the period during which employers may operate EP Appendix 5 without compliant software until 6 April 2015. This is a final extension. From 6 April 2015, EP Appendix 5 will only be available where the employer is able to report UK tax paid after the foreign tax credit relief has been deducted in the data items Total Tax to Date and Tax Deducted or Refunded.

Some employers know that their current software will not be updated in 2014-15 and do not intend to change their provider. Those employers may have already made arrangements for employees to apply for tax codes with estimated double taxation relief from 6 April 2014. These employers are encouraged to apply the new tax codes and not revert back to EP Appendix 5 for 2014-15.

All employers who use EP Appendix 5 will be contacted within the next few weeks.

Q48 of the expatriate frequently asked questions will be amended in April to include this information.

Q48 currently states the following:

Question: My payroll software does not allow me to reduce the tax due by the FTCR. How do I report the FTCR applied under EP Appendix 5?

Answer: HMRC has been talking to software developers and it appears that certain payroll software can accommodate the payroll adjustments Appendix 5 employers need to make in respect of foreign tax paid. Employers experiencing problems are advised to contact their payroll provider in the first instance. If workarounds currently exist then payroll providers will advise employers as necessary. Employers should try to resolve any reporting problems they have during the current year. If employers have been unable to do so they must submit an EYU after 6 April 2014 to correct their own employer charge and the pay and tax details of their seconded employees. Employers who are still having problems reporting RTI correctly for their seconded employees will not be able to operate Appendix 5 processes for tax years 2014-15 onwards. Employees will however be able to request an estimate of the foreign tax credit relief be included in their tax codes.

Tax Residence Indicator updated

4 April 2014

HMRC has released an updated version of the tax residence indicator. It allows users to establish whether split year treatment, cases 1 - 3 apply.

Split year treatment regarding cases 4 to 8, those who are joining the UK, will be built into TRI later this year.

Note that if you experience any difficulty accessing the tool you may need to clear the cache of your web browser.

Use the Tax Residence Indicator to check if you are considered to be resident in the UK from tax year 2013-14 onwards for the purposes of:

- Income Tax
- Capital Gains Tax

The results given rely on you providing accurate information. You may wish to print a copy of the result and keep this for future reference in case of enquiry by HM Revenue & Customs (HMRC).

Your residence status can only be decided by reference to established facts and circumstances. You can use this tool retrospectively or to predict what your residence status will be in future years, however HMRC will not be bound by the results where the information you provide does not accurately reflect your facts and circumstances.

Help and guidance
HMRC recommends you read the parts of the guidance that are relevant to your particular circumstances before you start, by following the first link below. This will help you answer the questions accurately.

Guidance note: Statutory Residence Test

Full details are available on HMRC's website.

PAYE for employers - reminder for employers operating Appendix 6 arrangements

9 April 2014

HMRC has published a reminder of the correct Late Reporting Reason field to use when submitting a FPS to avoid warning letters.

From 6 April 2014, Appendix 6 employers should enter A - Notional payment: Payment to Expat by third party or overseas employer in the Late Reporting Reason field on full payment submissions to avoid warning letters.

Full details are on HMRC's website

64-8 helpcard

11 April 2014

HMRC has produced a helpcard which provides detailed guidance on submitting paper 64-8s.

A form 64-8 is used to enter agent authorisation details on a taxpayer or claimant record.

Through the Joint Initiative on HMRC Service Delivery, HMRC has been working with agent stakeholders on reviewing the paper 64-8 process and has produced a helpcard providing detailed guidance on submitting paper 64-8s.

CIPP comment
Accounting Web has published an interesting article on the new world of Identity Assurance (IDA) exploring how a new 64-8 regime mandated under IDA could affect firms.

Finance Bill

FINANCE ACT 2013

29 March 2013

The Finance Bill together with explanatory notes and other budget related documents was published on 28 March 2013.

The Finance Bill 2013 will enact tax measures announced since the March 2012 Budget and will bring about an increase to the tax-free personal allowance to £9,440 from April 2013 and a package of measures to tackle tax avoidance and evasion, including the UK's first General Anti-Abuse Rule (GAAR);

The majority of the measures in this year's Bill were announced at Budget 2012, with legislation published in December 2012 for technical consultation, which received over 250 comments.

Exchequer Secretary to the Treasury, David Gauke MP, said:

"*This year's Finance Bill demonstrates the Coalition Government's commitment to creating a tax system that is fairer, promotes growth and competitiveness and rewards work. These measures will equip us to compete in the global race and create an aspiration nation. They also demonstrate the Government's commitment to developing tax policy in a transparent manner, consulting wherever possible, which is reflected in the many constructive comments we have had on the draft legislation*".

THE FINANCE BILL RECEIVES ROYAL ASSENT

18 July 2013

Following agreement by both Houses on the text of the Bill it received Royal Assent on 17 July and became Finance Act 2013.

Draft tax legislation published in Finance Bill 2014

11 December 2013

Following the Autumn Statement, the government has today published responses to consultations alongside draft legislation to be included in Finance Bill 2014.

Today the government has published draft tax legislation which will implement policies published at Budget 2013 and Autumn Statement 2013. The government has also published responses to related policy consultations which took place over the summer.

Finance Bill 2014 will contain key measures to make the UK more competitive for businesses, including:

- a new onshore oil and gas tax relief, which will support investment in the UK's emerging onshore shale gas industry by applying a halved rate of tax to initial profits from projects
- changes that will make the government's long-standing film tax relief more attractive and easier to use
- abolishing stamp duty and stamp duty reserve tax on growth market shares.

It also contains measures to support hardworking families with the cost of living, including:

- increasing the personal allowance to £10,000 for 2014/15, making a typical basic rate taxpayer £112 better off and taking 260,000 low earners out of income tax altogether

- a new transferable tax allowance for married couples and civil partners that will benefit around 4.1 million couples in 2015.

The Bill will also legislate for next steps in the government's drive to tackle tax avoidance and aggressive tax planning.

David Gauke, Exchequer Secretary to the Treasury, said:

"The government is committed to making the UK more competitive for business, supporting hardworking families with the cost of living and cracking down on aggressive tax avoidance. The package of measures in the legislation published today delivers action that builds on our efforts to create a tax system that supports growth and fairness. And by consulting on the draft legislation in this way we are delivering on our promise to make the system more certain and stable for taxpayers and businesses."

For the fourth year in a row, draft legislation has been published as part of the government's commitment to a more transparent, efficient and simpler tax system. The consultation on draft legislation will run until 4 February 2014, with final details being confirmed in Budget 2014, and finally introduced in Finance Bill 2014.

The CIPP's Policy Team will study this document and issue a survey to collect your views if appropriate.

Read the draft legislation

Finance Bill 2014 brings in new tax changes

1 April 2014

The government has published Finance Bill 2014, legislation implementing tax changes announced during the last year.

The bill contains measures which demonstrate government's commitment to a tax system that delivers its long-term economic plan by helping hardworking households, supporting growth and clamping down on tax avoidance and evasion, including:

- increasing the tax-free Personal Allowance to £10,000 in 2014-15 and legislating for a further increase to £10,500 from 2015-16
- introducing a new transferable tax allowance for married couples and civil partners, allowing spouses in households where neither partner is a higher or additional rate taxpayer, and where one partner has not used up their full allowance, to pay tax on up to £1,050 less of their income from 2015-16
- reducing the starting rate of income tax on savings from 10% to 0%, and extending the band to which it applies from £2,880 to £5,000. This will benefit around 1.5 million people, over a million of who, those with total incomes below £15,500, will pay no tax at all on their savings income
- taking the first steps towards bringing in the Budget's major reforms to give individuals much greater choice about how they access their defined contribution pensions savings from April 2015. This means introducing measures that mean that over 400,000 people will be able to access their pension more flexibly: reducing the amount of secure income that individuals have to demonstrate before they can access their pension savings flexibly (the Minimum Income Requirement) from £20,000 to £12,000; increasing the annual limit for individuals in a capped drawdown arrangement from 120% of an equivalent annuity to 150%; and increasing the total pension wealth that can be taken as a lump sum from £18,000 to £30,000, and

increasing the size and number of small pension pots that can be taken as a lump sum

- reducing business and household energy costs by freezing the Carbon Price Support rate at £18 in 2016-17. The government has also committed to maintain this freeze to the end of the decade. This will save businesses £4 billion by 2018-19, and will help British firms to compete in the global race
- increasing the Annual Investment Allowance to £500,000 until 31 December 2015, giving 99.8% of all businesses (4.9 million firms) 100% upfront relief on their qualifying investments in plant and machinery
- supporting research-intensive start-ups and early-stage companies through an increase to 14.5% in the payable R&D tax credit for loss-making SMEs, supporting over £1 billion of investment over the next five years
- introducing a new requirement that users of tax avoidance schemes which have been defeated in another party's litigation, or which fall within the scope of the Disclosure of Tax Avoidance Scheme (DOTAS) rules or the new General Anti-Abuse Rule (GAAR), should pay the disputed tax upfront
- extending the Annual Tax on Enveloped Dwellings (ATED) and associated measures to reduce incentives for residential properties to be held as investments in corporate "envelopes" and left unoccupied
- tackling the avoidance of employment taxes, by taking action to prevent employment intermediaries (both onshore and offshore) from avoiding their obligations, including through disguising employment as false self-employment

The measures contained in the bill were announced by the Chancellor at Budget 2013, Autumn Statement 2013 or Budget 2014.

General PAYE News

THE SINGLE INCOME TAX REPORT FROM THE 2020 TAX COMMISSION

12 June 2012

The 2020 Tax Commission proposes a simple Single Income Tax that taxes streams of income only once.

The report states, "To create the conditions for stronger economic growth and more jobs, while treating taxpayers fairly, the Government must reform taxes to make them lower, simpler and more transparent."

To achieve this, the 2020 Tax Commission recommends the Single Income Tax, which can be introduced in six steps:

1. Taxes should be cut to 33 per cent of national income
2. Marginal tax rates should not exceed 30 per cent, and the personal allowance should rise to £10,000
3. Taxes on capital and labour income disguised as business taxes should be abolished, and replaced with a tax on distributed income
4. Transaction, wealth and inheritance taxes should be abolished
5. Other consumption taxes need to stay for now, but transport taxes should be cut
6. Local authorities should raise half of their spending power from local taxes

The report advocates a radical new system that taxes all income from labour and capital only once at a flat rate of 30 per cent, above a generous personal allowance for individuals and with no loopholes. National Insurance and Income Tax are merged into this new system; Corporation Tax is repealed and replaced by an unavoidable tax on distributed income from

capital, be it equity, debt or property. Several other taxes – including Stamp Duty and Inheritance Tax – are also repealed.

The report says that while consultation and proper deliberation is necessary, it is important that the process is not too slow. They acknowledge that the OTS (Office for Tax Simplification) has proposed some simplifications but more substantial change in the tax system will be needed to address the problem of tax complexity.

The clearest way of simplifying the tax code is to abolish entire taxes. Former Chancellor Lord Lawson of Blaby has described it as "the ultimate simplification", and as a result he "sought to abolish a tax at every Budget" and "was able to do it in six successive Budgets." The 2020 Tax Commission's recommendations would abolish eight taxes:

1. Employers' National Insurance
2. Employees' National Insurance
3. Corporation Tax
4. Capital Gains Tax
5. Inheritance Tax
6. Stamp Duty Land Tax
7. Stamp Duty on shares
8. Air Passenger Duty

"A single tax on labour and capital income, at the same rate; abolishing eight taxes and creating only one in return; a much simpler and more transparent tax code. It is a serious plan for a tax system that can restore Britain's economic fortunes."

***CIPP comment**:*
This 2020 report took two years to compile and contains a lot of research and detail as to why these proposals should be given serious consideration. What we don't know at this stage is whether the government will formally respond to this report and of course there is the next stage of the integration of tax and NICs consultation in the autumn to consider. We will of course keep members posted.

Further Information

Summary of 2020 report
The Single Income Tax – full report

PAYE – LET US TAKE A LOOK BACK TO 1944

5 March 2013

If you are reassured by historical perspective then you might enjoy a wander down memory lane with HMRC – 1944 memory lane to be precise.

Before the emails start to fly, we are not suggesting for one moment that any of us are old enough to recall this advert, but, with one month to go before the vast majority of employers are required to begin submitting PAYE information in real time, HMRC has taken the opportunity to provide us with a real piece of history with the publication of a government sponsored advertisement from 1944, available from British Pathé, which was issued when PAYE was first introduced.

HMRC PAYMENT BOOKLET ISSUE FOR 2013-14

28 March 2013

The dispatch of the payment booklets for employers is now almost complete and HMRC has published an update with advice for employers who don't receive their payment booklet.
If you were registered as an employer at 14 December 2012 and usually pay over PAYE remittances using the payment booklet and you have not received your booklet by the 6 April. (HMRC will not be able to arrange the issue of a replacement booklet before that date) you should phone the Payment Helpline between **6 April and 11 April** on 0845 366 7816 to request a replacement booklet.

The helpline staff will then be able to arrange for a replacement to be issued in the 12 April 2013 despatch. This should arrive by 26 April 2013.
New employers who registered with HMRC after 14 December 2012 will automatically be sent a booklet for the year 2013-14 on 12 April 2013.

If you need the booklet and it has still not arrived by 26 April 2013 you should phone the Payment Helpline on 0845 366 7816. A replacement booklet may take up to three weeks to arrive - you may want to consider paying electronically.

HMRC may charge late payment penalties if payment is not received in full and on time. HMRC has highlighted in their guidance that non receipt of the payslip booklet will not remove the responsibility to ensure your payment is made in full and on time.
Full details about Payslip booklet issue 2013-14 including further details on other ways to make payments and reporting nil payments can be found at the HMRC website.

TOOLKITS AIMED AT REDUCING COMMON ERRORS

11 April 2013

HMRC has published the updated Expenses and Benefits from Employment Toolkit in addition to the National Insurance Contributions and Statutory Payments Toolkit.

The purpose of the toolkits is to assist agents when completing their clients' returns and forms.

HMRC need feedback from you about your experience of using the toolkits. To help you in providing feedback a new online feedback form has been introduced - your comments will be used to help develop and prioritise future changes and improvements to the Toolkits.

P46 (SHORT) UPDATED

10 April 2013

HMRC has updated form p46 (short) to take account of the occurrence whereby an employee is repaying their student loan by agreed monthly payments to the Student Loans Company.

Since 6 April 2013 the P46 (Short) cannot be submitted to HMRC and remains available primarily to aid employers with the collection of the starter declaration information. The Starter checklist also contains the same information and declarations.

Guidance on dealing with new starters can be found at notifying and getting new employee information right

ACTIONS TO TAKE IF AN EMPLOYEE HAS LEFT AND YOU HAVEN'T YET SUBMITTED A P45 FOR 2012-13

10 April 2013

We have had several enquiries from members who have been unable to submit a P45 for an employee who left employment at the end of 2012-13 tax year?

Now that RTI is live P45s cannot be submitted.

If the employee has left, has not been included on your EAS and there are no further payments to be made, you do not need to take any further action. If, the employee has been included on your EAS then including a leaving date on your next FPS – this will remove them from HMRC's records.

If the employee has left but not yet received their final payment (for example, employee finished on 31 March but the company pay date is 15 of the month and the final payment is still outstanding) this would correctly be considered to be a month 1 payment so the employee should be included on the EAS and the FPS should show the date of leaving as being the final date of payment.

Termination payments and payments made after leaving should be dealt with in accordance with the guidance on HMRC website

HMRC has published specific guidance to help employers facing this transitional issue which is impacting, in this instance, on their submission of P45s & P46s

CHANGE TO EMPLOYER HELPLINE NUMBERS AT HMRC

23 April 2013

Some HMRC helpline numbers for employers are set to change as from 23 April 2013 however, existing numbers will continue to be available for a further period of 18 months. For many of us the new numbers will reduce the cost of calling these helplines. You can check the exact cost by calling your telephone service provider.

The following helplines are changing their telephone numbers to those shown:

Online Services Helpdesk - 0300 200 3600
Billpay Plus - 0300 200 3601
Employer Helpline - 0300 200 3200
New Employer Helpline - 0300 200 3211

If you have hearing or speech impairments, the new text phone number for the:
Online Services Helpdesk is 0300 200 3603
Employers Helpline is 0300 200 3212

MAKING PAYMENTS TO HMRC – USE THE CORRECT REFERENCE

19 April 2013

When making a payment to HMRC using the correct reference is more critical than ever.

The Employer Bulletin Issue 44 reminds us of the importance of using, not only the correct 13 character Accounts Office reference, when making a payment to HMRC, but also adding additional data which will make clear what tax month and tax year you are making the payment for.

Your Accounts Office reference can be found on:

- your 'At a glance' page if you are registered for the PAYE for employers online service
- the 'New employer registration and reference numbers' letter that HM Revenue & Customs (HMRC) sends you when you first registered as an employer
- your payment booklet, if you still receive one
- the letter HMRC sends in place of a booklet.

The reference was also added to the letter, along with the PAYE reference, that was sent to notify employers of their need to submit information in real time as from 6 April 2013.

If you have any doubts about the reference that you need to use, you can check using the HMRC reference checker.

If you pay early, late or make more than one payment for the same month, or you are making a balancing payment for a previous tax year, you need to add four numbers to the end of your Accounts Office reference. This tells HMRC what tax year and month your payment is for. Your reference then becomes 17 characters long with no spaces between. From the 2013-14 tax year you should make balancing payments for a previous tax year using month 12 not month 13.

Using the number 13 informs HMRC that you are making a payment intended for your Class 1A NIC, do not use this when paying over your normal monthly (quarterly) remittances.

The checker will only confirm that the characters are in the right format to allow your payment to go direct to your account. It will also add the extra four numbers to your reference number if needed.

HMRC EMPLOYER BULLETIN 44

17 April 2013

HMRC has published issue 44 of the Employer Bulletin.

As you would expect this edition covers the subject of End of Year Returns, RTI and Reporting 2012-13 Expenses and Benefits.

However, amongst other items of interest the Employer Bulletin also provides a timely and useful reminder, if one were needed, of the importance of checking that your employees have the right to live and work in the UK – before they begin to work with you

PAYSLIP BOOKLETS POSTED LATE IS NO EXCUSE FOR LATE PAYMENT

2 May 2013

HMRC has apologised for the late postings of payslip booklets for the 2013/2014 but have highlighted that not receiving your booklet will not be an acceptable excuse for not making your payment on time.

Back in March HMRC issued a timetable which informed employers when they might expect to receive their payslip booklets for 2013-14. The last booklets were to be issued on 12 April 2013, and employers were advised to wait until 27 April before contacting HMRC if they had not received a new booklet.

HMRC apologises to employers but the last booklets were actually sent on Tuesday 30 April 2013 and may take up to three weeks to reach employers.

In the meantime, and hopefully this warning won't have come to you too late, please don't call HMRC to ask for a replacement booklet as you wouldn't receive it before the booklet which is now on its way to you.

TICK TOCK - 19 MAY APPROACHES

7 May 2013

HMRC has published a reminder to employers, if one is needed, that the Employer Annual Return for 2012/2013 must be submitted by the 19 May 2013 if penalties for late filing are to be avoided.

For those of us who have already submitted our returns – well done and move along – nothing for you to see here, however for those of you yet to submit, this reminder is I am sure not necessary but nevertheless read on for further information from HMRC.

"Your 2012-13 Employer Annual Return is due by 19 May 2013. Send it as soon as possible to avoid a late filing penalty and make sure you have filed it online or you may face a further penalty.

If you **do not** have to make a 2012-2013 return you must contact HM Revenue & Customs (HMRC) to tell us.

The easiest way to do this is to use the new 'No Employer Annual Return to make' email notification - you'll find a link at the end of this message.

If you send your forms P35 and P14 separately, you must make sure that all parts have been sent to HMRC by 19 May 2013. If someone else sends part of your return for you (for example, a payroll agent or bureau), you should check that all parts have been sent. When sending P35 and P14s separately you should always send the P35 last."

ANNUAL SCHEMES CRITERIA

13 May 2013

HMRC has published a reminder that for an Annual Scheme to be accepted as such it must fulfil certain criteria and HMRC will check past payment histories to see whether the request is appropriate.

To be considered as an Annual Scheme, a scheme must meet the following requirements:

• all the employees are paid annually
• all the employees are paid at the same time/same date
• the employer is only required to pay HMRC annually
Be aware that, in reviewing requests for a scheme to be treated as annual, HMRC will check the employer's payment history to see whether such a request is appropriate. Employers requesting annual schemes where it is clear that they should be paying HMRC monthly will be considered non-compliant and liable to potential penalties.

JOINT INITIATIVE ON HMRC SERVICE DELIVERY - MAY 2013 UPDATE

5 June 2013

HMRC has published an update on their progress as a result of the Joint Initiative on HMRC Service Delivery.

The May 2013 update reports on progress on the Joint Initiative on HMRC Service Delivery, which is monitored by the Joint Initiative Steering Group and chaired by Lin Homer, HMRC Chief Executive, who said

"I'm really pleased with the improvements we're putting in train through working in partnership with representatives from professional bodies and charitable organisations on this joint initiative. We've collectively resolved some important practical issues and both agents and HMRC staff have benefited from hearing, first hand, about each other's experiences during visits and workshops."

The report can be read in full at the HMRC website, however some of the reported progress to date includes:

- Improvements to the P35 end-of-year return process for 2011-12 and 2012-13, with the aim of increasing the number of returns filed on time and reducing the number (and size) of penalties issued. The improvements include, an extra reminder, a significant reduction in the time to issue letters to employers to tell them that their returns were late and potentially subject to penalties along with better on-screen messages when using HMRC's online services.
- Publication of HMRC Contact Centre performance statistics (figures for two complete quarters have now been published).
- An additional £34 million investment in Contact Centres, which (combined with an increase in more flexible deployment of staff to meet customer demand) has significantly improved performance. HMRC has also agreed to move to 03XX telephone numbers by the end of September 2013, which will mean cheaper calls for most of our customers (although HMRC advises people to check this with their telephone service providers).
- An email pilot to test the appetite and scope for wider email and electronic communication with HMRC.
- Agreed improvements to debt management processes (to be implemented from late summer/early autumn 2013). The planned improvements include, a dedicated 'hotline' specifically for agents to use only when there's a Field Force Collector at a client's premises and new technology for HMRC's field force so that officers on debt collection calls have up to date information.

Reassuringly attention is also turning to getting things right first time and to the quality of HMRC's responses to customers' queries.

P35 INTERIM PENALTY LETTERS

12 June 2013

HMRC has reported that they are aware of an issue affecting some employers who have recently received an interim penalty letter as a result of HMRC not receiving a P35.

The report confirms that HMRC are aware that a small proportion of employers - using products from one software provider - have been sent penalty warning notices from HMRC because they have not submitted their P35 Employer Annual Return by 19 May 2013 for the year 2012-13.

This issue impacts employers who:

- use the product of one particular software provider

- were not in the RTI pilot
- completed their 2012-13 end-of-year returns after 6 April 2013
- used 2012-13 PAYE Real Time Information software to complete their end-of-year returns (forms P14 and P35)
- sent an Employer Payment Summary to HMRC instead of a P35 end-of-year return

A penalty warning notice has been issued because HMRC has not received a P35 from those employers.

This issue does not affect employers who took part in the RTI pilot.

The software provider will email customers affected by this issue over the next few days with specific guidance on how to file their P14/P35 for 2012-13.

HMRC are working with the software provider to identify all the employers who are affected by this issue.

Employers who receive a penalty notice and meet the specific criteria above should follow the guidance provided by their software provider and should submit their P35 return within the next 14 days (by 25 June 2013).

HMRC will cancel the penalty warning letter in this specific scenario where the employer submits their P35 by 25 June 2013.

Penalties will still apply to any employer in these circumstances who does not submit a P35 by this date.

If you are affected by this specific issue HMRC has confirmed that you do not need to contact them either via phone or in writing.

HMRC PROVIDE TIMELY REMINDER ABOUT THE IMPORTANCE OF PAYING ON TIME

18 June 2013

HMRC has provided an important update on the subject of paying over PAYE remittances, the Specified charge and use of the online PAYE Liabilities & Payments Viewer.

The update reminds employers about the importance of correct payment dates and the need to make a payment in full, with a reminder of the importance of using the correct reference for the correct tax period.

As a reminder, if one were needed, *payment in full* is the:

- total amount shown on your Full Payment Submission(s) (FPS) for a tax month, including any corrections or adjustments submitted on or before the 19th of the following month
- less the amount shown on any Employer Payment Summary (EPS), also submitted on or before the 19th of the following month

The update also highlights the role of the Specified Charge – which is an estimated charge that HMRC will calculate and will apply to a PAYE scheme where the scheme has failed to make a submission in real time by 19 June (but was expected to make a submission). If the scheme has failed to submit a return in April and May, a specified charge will be applied for each month.

If an FPS or EPS is submitted within seven days of the specified charge being applied, the submission will overwrite the specified charge.

THE IMPORTANCE OF THE 19 JUNE 2013 TO HMRC

18 June 2013

Three months in to real time and as you would expect it is time for some letters from HMRC for PAYE schemes that have not yet made a submission in real time.

Whilst the numbers of PAYE schemes submitting in real time since April 2013 are in excess of expectations HMRC has confirmed that they will be sending out a letter to PAYE schemes that have yet to make any submissions in real time.

MARRIED COUPLES TO BE OFFERED TAX BREAKS BEFORE THE NEXT ELECTION

25 June 2013

There has been widespread reporting today of the news that the coalition government intends to introduce tax breaks for married couples before the next election. It has been suggested that wives or husbands who do not work would be able to transfer part of their tax-free allowance to their spouse if their partner earned less than the basic rate of tax, currently £34,370 a year.

However, despite speculation that this could be introduced in April 2015, there is still no official government announcement, and any plans would need to be agreed by Parliament before implementation.

The CIPP policy team is keeping a close eye on any developments to ensure we are included in any discussions regarding introduction of this policy.

HMRC'S PAYE DESKTOP VIEWER

2 July 2013

Users of Windows 8 will be pleased to now that HMRC has updated their PAYE desktop viewer to enable it to work now with this latest version of Windows.

PDV (PAYE Desktop viewer) software has been updated to version 2.2. This version will now install and run on Windows 8. Before you can receive the latest versions of these notices you must download and install the new version of PDV on your computer.

HMRC FIX IN PLACE ANNUAL PAYROLL SCHEME REQUESTS

6 July 2013

HMRC has published an update to inform employers and agents with Annual Payrolls requests pending, that a fix is now in place and they can once again receive requests.

The Annual scheme fix update also includes a reminder about the requirements that must be met in order for an annual scheme to be set up. They are:

An annual scheme must meet all of the following requirements:

- all the employees are paid annually
- all the employees are paid at the same time/same date
- the employer is only required to pay HMRC annually

PAYE FOR EMPLOYERS - 'WEEK 53' PAYMENTS AND POTENTIAL EMPLOYEE TAX UNDERPAYMENTS

22 July 2013

HMRC has clarified the guidance for employers whose employees might be affected by 'week 53' payments where they are paid weekly, 2-weekly or 4-weekly and the last payday for 2012-13 fell on 5 April 2013.

PAYE tax is deducted differently from 'week 53' payments. HMRC treats it as a non-cumulative payment (also known as 'Week 1'), meaning that it is treated in isolation and tax is deducted without taking into account previous pay and tax details. So the tax code you use should be non-cumulative in all cases. The amount of extra 'tax free pay' equates to:

- week 1 for employees paid weekly (1/52 x the Personal Allowance)
- week 2 for employees paid fortnightly (2/52 x the Personal Allowance)
- week 4 for employees paid four-weekly (4/52 x the Personal Allowance)

It is important to note that these payments may result in an underpayment of tax for your employees due to the extra Personal Allowance (tax free pay) provided to protect the level of take home pay they receive in that pay period. For this reason HMRC suggests you advise your employees of the potential position if a 'week 53' payment is made.

All other deductions, such as National Insurance contributions are deducted as normal from pay on 'week 53' payments.

CHANGES TO PAYE MANUAL GUIDANCE ESC A19

16 August 2013

Further to the ESC A19 review, HMRC has updated the PAYE Manual guidance to reflect policy and process changes.

As published in Agent Update 37 HMRC has updated the PAYE Manual guidance to reflect policy and process changes following the recent consultation on the application of ESC A19.

This includes new guidance describing the specific circumstances under which HMRC will consider refunding tax paid, the circumstances under which forms P14 may be considered relevant for the purposes of ESC A19, and an expanded definition of 'repeated failures'.

LIBDEM TAXATION POLICY

22 August 2013

The conference season is fast approaching for the political parties, and as part of their preparations the LibDems have published their taxation policy which will be discussed at their conference.

The CIPP was invited to feed into this policy back in April 2013 and the CIPP's policy team issued a survey to give members a unique opportunity to have their say.

Whilst some of the questions asked in the consultation document were not of direct interest to employers the following key points emerged and were submitted to the Liberal Democrats party and which we reported on 15 May:

Summary of key findings

- All respondents agreed with the proposal that the tax free threshold should be increased to the level of the National Minimum Wage (NMW) over the course of the next parliament.
- All respondents agreed that the personal allowance should continue to increase in line with the NMW to prevent NMW earners being caught in the tax net.
- All respondents agreed with that all rates of income tax, including the additional rate of 45% should remain unchanged.
- Although 80% of respondents agreed with the idea of calculating income tax and NIC on annual income, opinion was divided on whether income tax and NIC should be merged or remain separate.
- When looking at whether benefits in kind should be subject to both tax and NICs, there was a mixed reaction with 60% agreeing.
- When the same question was asked about pension contributions, 80% said no, pension contributions should not be subject to NIC.
- 100% of respondents disagreed with the suggestion of limiting the amount that could be taken tax free from a pensioner's pension pot.
- Turning to the possibility of compensating micro employers for the cost of tax collection, opinion was fairly divided, with 40% agreeing.
- Of those who agreed with the suggestion of compensating micro employers, opinion was split as to whether this should be for businesses with five and fewer, or nine and fewer employees.
- However, all respondents agreed that there should be a NICs exemption for very small companies.

Having now had time to study the proposed taxation policy, many of the findings shown above have been included. Their taxation policy now proposes that the tax free threshold should be increased to the level of the NMW, and the personal allowance should continue to rise in line with the NMW. The policy also backs CIPP members' belief that the 25% tax-free lump sum which can be taken out of the pension pot upon retirement should remain unchanged.

There was a slight majority in favour of Benefits in Kind being subject to both tax and NICs and the LibDems have included this proposal. However it has been taken a step further to include benefits provided in lieu of salary through salary sacrifice arrangements. Perhaps CIPP member opinion would have been less mixed if they had been asked outright whether benefits provided through a salary sacrifice scheme should also be subject to tax and NICS!

HMRC Employer Bulletin - Issue 45

25 September 2013

Issue 45 of the Employer Bulletin is now available and contains important information relating to payroll obligations to HMRC.

The latest Employer Bulletin is essential reading for employers and agents but we would like to highlight some of HMRC's 'need to know' items and also one that may cause some consternation regarding SCONs.

HMRC's 'need to know':

Reporting PAYE information in real time
Page 4 - Update on RTI and the introduction of generic notifications.

Penalties for outstanding 2012-13 Employer Annual Returns (P35 and P14s)
Page 8 – update on notifications and penalties.

HMRC Helpline contact numbers are changing
Page 13 – handy printable version of new numbers.

CIPP's 'need to know':

Mandating the Scheme Contracted-Out Number (SCON) with effect from 6 April 2014
There is an article on pages 10 and 11 which outlines a change that affects the information that employers who operate Contracted-out schemes report to HMRC. From 6 April 2014, such employers will have to report both the Employer Contracting-out Number (ECON) and the Scheme Contracted-Out Number (SCON) on Full Payment Submissions sent to HMRC.

CIPP comment
The SCON was discussed at the ECF (Employment Consultation Forum) and the CIPP is really disappointed that feedback from both the payroll software industry and the payroll profession has not been taken on board. The CIPP along with others has advised HMRC that this information is normally held by the pension scheme, rather than the payroll department. It is going to be a potentially mammoth task for payroll to get hold of the SCON and whilst the CIPP would encourage early identification of the SCONs in readiness for next year, we also advised HMRC that if a SCON is not available then we would not expect our profession to hold up their RTI submissions and risk facing a penalty all because of the SCON.

The CIPP understands the reason why HMRC needs them, but cannot understand why they didn't put pressure on the pension providers to supply it. The CIPP raised at ECF that many employers contract with a pension provider to carry out the administration tasks, one of which is when someone leaves employment, the pension provider completes the appropriate leaver forms, which include the SCON and send to HMRC; so why, why, why does the payroll department now need to do this! Unfortunately whilst the CIPP and software providers were very vocal on this subject the CIPP's policy team believe it is too late now so we will, as always just have to get on with it.

Automatic cancellation of an employer PAYE scheme

4 October 2013

From October 2013 where HMRC has been contacted to set up a new PAYE employer scheme, if there has been no activity on the scheme after 120 days it will be automatically reviewed to see if it can be cancelled.

A scheme will be considered as having no activity on it where:

- you have made no submissions using PAYE in Real Time
- you have not made any payments to HMRC
- you are not an annual payer
- there is no evidence that you want to claim CIS Deductions Suffered
- you have not received an advance from HMRC
- you have not had any periods of Construction Industry liability
- there is no evidence that you have had any employees
- there is no evidence that Class 1A NIC is due.

Where none of these conditions apply your employer scheme will be cancelled and a letter issued to your business address to advise you of the action taken. Once the scheme has been cancelled you will not be able to submit any PAYE submissions in Real time. If your scheme should not have been cancelled the letter covers who you should contact in HMRC to request that your scheme is reopened.

This information was published in the latest issue of the Employer Bulletin.

Transferable personal tax allowance for married couples and civil partners

10 October 2013

David Cameron has announced that £1,000 of the personal allowance will be transferable between eligible couples from 2015.

We reported rumours earlier in the year that tax breaks would be introduced for married couples but at the time no detail was provided.

The BBC has reported that the prime minister said four million couples would benefit from a £1,000 transferable tax allowance from 2015. The move, announced ahead of the Tory conference, comes after a deal with the Liberal Democrats to introduce free school meals for children under eight.

The tax break would apply if couples are both basic rate tax payers with one spouse earning less than the personal allowance - the amount of income you can receive each year without having to pay tax on it. This will be just over £10,000 in 2015. The measure would also include 15,000 couples in civil partnerships.

Cameron explained how the scheme would work, *"From April 2015, if neither of you are higher rate taxpayers, you will be able to transfer £1,000 of your tax-free allowance to your spouse. In effect, if you pay the basic rate of tax and your partner doesn't use all of their personal allowance, you'll be able to have some of it. Most couples who benefit will be £200 a year better off as a result."*

CIPP comment
Claims are expected to be made online so at this stage we would assume that the transferable allowance will have no impact on the payroll function; other than a possible increase in enquiries as to why an employee's tax code has changed. We will as ever keep you updated as and when further details become available.

New PAYE messages to employers from HMRC

11 October 2013

From next week, HMRC will start to send four types of new messages to employers to help them keep their PAYE up-to-date.

These messages will take two formats:

1. The first three are generic electronic messages to warn the employer that their PAYE submissions and payments appear to have fallen into arrears.
2. The fourth one will be a letter, telling an employer that HMRC are cancelling a PAYE scheme that has been inactive for 120 days.

The electronic messages are not penalty notices and therefore an employer should not appeal against them. These messages do not replace the existing compliance communications, which will continue as now.

You may have read about these messages in the September's Employer Bulletin 45. HMRC will also publicise these messages with two What's New announcements on the HMRC website.

Messages from 15 October
The first of these messages will go out from 15 October, and will be an electronic notification sent if the employer appears to have missed a deadline for reporting their PAYE information.

Below is a link to a draft copy of the What's New announcement that HMRC plans to publish next week. It explains:

- That these messages are designed to help employers keep their PAYE up-to-date and avoid in-year penalties for late filing and payment when they are introduced in 2014-15.
- That some employers may receive a message even though their taxation affairs are up-to-date (and explains why this could happen).
- How employers can view this message.

Messages from 28 October
From 28 October, HMRC will begin sending letters telling an employer that HMRC are cancelling their PAYE scheme if it was opened after 5 April 2013 but has been inactive for 120 days.

This will be followed by two more electronic notifications on approximately 1 and 9 November which will advise employers who do not appear to have paid their PAYE in full and/or have not made a PAYE submission in real time respectively.

Also shown below is a draft copy of a What's New announcement that HMRC plans to publish later in October about these messages.

From 1 February 2014, HMRC will start to send out a fourth electronic message. This will be a differently-worded version of the message warning the employer that they do not appear to have paid their PAYE in full. The wording will reflect the fact that the employer has previously received messages to this effect. HMRC will make a further What's New announcement about this message in January 2014.

About the electronic messages
The aim of these messages is to help employers comply with their PAYE obligations and in particular get their businesses to submit and pay their PAYE to HMRC on time. This will help them get ready for 6 April 2014 when in-year penalties for late reporting and late payment will replace the current end-of-year PAYE penalties. HMRC wants to receive payments and returns on time; it does not want to charge penalties.

The messages warn that the employer may incur penalties in future, even if they have done nothing wrong for 2013-14 (for example if they are a smaller employer taking advantage of the current relaxation for 'on or before' reporting). If this is the case the employer does **not** need to contact HMRC - but they should be preparing for 2014-15.

HMRC will update the wording of these messages in April 2014.

About the Scheme cancellation letters (RTI206)
These cancellation letters are sent following an automatic review of the scheme's records after a period of inactivity.

The aim is to reduce the administrative burden on both HMRC and employers. This process will cancel PAYE schemes which are set up when a new business is registered after 5 April 2013, but are then never used. The process will not cancel any schemes registered as annual schemes.

HMRC understands that some external business processes are to create a PAYE scheme as normal practice when a business is set up. So to help HMRC identify unnecessary schemes at an earlier date additional questions will be asked when a scheme is registered – see PAYE20002.

The guidance How to register as an employer sets out when an employer should register, and also states "Please note if you register and don't file anything with HMRC for four months then your PAYE scheme will be closed and you will have to re-register."

Link to What's New Oct 14

Link to What's New Oct 28

New PAYE messages to employers from HMRC - revised message

18 October 2013

We have an update from a previous HMRC message regarding new PAYE messages and the re-scheduled maintenance work taking place this weekend.

HMRC's online services: maintenance work affecting PAYE to go ahead this weekend

Late last week, we made the decision to postpone our scheduled IT upgrade because there was a risk of our IT systems being down for longer than we had planned.

We have been working hard to resolve the issues and we are now able to go ahead.

From 20:00hrs on Friday 18 October 2013 to 15:00 Saturday 19 October 2013, most of our public facing IT systems are being upgraded and will undergo planned maintenance.

Although the majority of online services are expected to re-open for business at 15:00 on Saturday, HMRC Online returns and forms will be unavailable between 20:00 on Friday 18 October and 07:00 on Monday 21 October.

This will affect PAYE submissions sent through the Government Gateway (internet). Employers will still be able to send their PAYE submissions in real time and they will receive an acknowledgement that their submission has been received.

However, during this period the validation message employers receive (saying whether the submission has been successful or not) will be delayed and may not be received until Tuesday 22 October when the system is fully restored. Employers should not attempt to re-send their submissions.

Employers can also expect delayed response times from other HMRC systems at this time. The latest information about all the online services affected is published on our website.

EDI customers are largely unaffected, but could experience a short delay of up to four hours before receiving their acknowledgement report during this period.

Please share this information with your colleagues, clients, members and customers.

We are sorry for any inconvenience this may cause.

New electronic messages to help employers keep up-to-date with their PAYE

From next week, we will start to send three types of generic electronic messages to warn the employer if their PAYE submissions or payments appear to have fallen into arrears.

The electronic messages are not penalty notices and therefore an employer cannot appeal against them. These messages do not replace our existing compliance communications, which will continue as now.

You may want to share details about these new messages with your clients, customers and members.

Messages from 21 October- late reporting
The first of these messages will go out from 21 October. They are electronic notifications that HMRC will send if the employer appears to have missed a deadline for reporting their PAYE information.

In the draft What's New announcement (link available in CIPP News item) that we plan to publish on 21 October, we explain:

- that these messages are designed to help employers keep their PAYE up-to-date and avoid in-year penalties for late filing and payment when they are introduced in 2014-15
- that some employers may receive a message even though their taxation affairs are up-to-date (and explains why this could happen), and
- how employers can view this message.

Messages from 1 November – late payment
A second set of electronic notifications will start to be issued between 1 and 9 November which will advise employers who do not appear to have paid their PAYE in full and/or have not made the expected number of PAYE submissions in real time respectively.

The draft What's New announcement (link available in CIPP News item) that we plan to publish on 28 October contains more detail.

From 1 February 2014, we will start to send out a fourth electronic message. This message will warn the employer that they do not appear to have paid their PAYE in full. The message will reflect the fact that the employer has previously received messages about late payment. We will make another What's New announcement about this message in January 2014.

About the electronic messages
The aim of these messages is to help employers comply with their PAYE obligations and, in particular, get their businesses to submit and pay their PAYE to HMRC on time. This will help them get ready for 6 April 2014 when in-year penalties for late reporting and late payment will replace the current end-of-year PAYE penalties. HMRC wants to receive payments and returns on time; it does not want to charge penalties.

The messages warn that the employer may incur penalties in future, even if they have done nothing wrong for 2013-14 (for example if they are a smaller employer taking advantage of the current relaxation for 'on or before' reporting).

If this is the case the employer does not need to contact us - but they should be preparing for 2014-15.

We will update the wording of these messages in April 2014.

New letters advising employers that HMRC will close new PAYE schemes after a period of inactivity

From 28 October, HMRC will begin sending letters telling an employer that we are going to cancel their PAYE scheme if it was opened after 5 April 2013 but has been inactive for 120 days. The process will not cancel any schemes registered as annual schemes.

Our attached draft What's New announcement that we plan to publish on 21 October contains more detail. We are also planning a press release about these letters on the same day.

About the scheme cancellation letters (RTI206)
These cancellation letters will be sent following an automatic review of the scheme's records after a period of inactivity.

This process will cancel PAYE schemes which are set up when a new business is registered after 5 April 2013, but are then never used. The aim is to reduce the administrative burden on both HMRC and employers.

We understand that some external business processes are to create a PAYE scheme as normal practice when a business is set up. So to help us identify unnecessary schemes at an earlier date additional questions will be asked when a scheme is registered – see PAYE20002.

Our guidance How to register as an employer sets out when an employer should register, and also states "Please note if you register and don't file anything with HMRC for four months then your PAYE scheme will be closed and you will have to re-register".

Unused PAYE schemes to close

22 October 2013

From 28 October HMRC will be issuing letters to certain employers whose PAYE scheme shows no activity for 120 days.

The following message was posted on HMRC's 'What's New' web page:

From 28 October 2013 HM Revenue & Customs (HMRC) will be issuing letters (RTI206) to employers to advise that, because our records indicate that they have not operated PAYE or paid any subcontractors, we have automatically closed the PAYE scheme due to inactivity.

The letters are generated following an automated review of our records. The benefit of this approach is that:

- HMRC identify that no returns are due at a much earlier point
- it removes the obligation to make real time submissions and subsequent requests for both returns and payment
- it removes an unnecessary burden on employers and the additional cost to HMRC of maintaining and administrating their record on our systems.

For more information on the criteria HMRC apply for closing a scheme please see guidance on 'Automatic cancellation of a PAYE Scheme'.

Automatic cancellation of a PAYE Scheme

HMRC press release – 21 October 2013.

PAYE Desktop Viewer (PDV) - required update for all users

23 October 2013

HMRC has updated the PDV application. All PDV users should download and install the new version of the PDV to ensure that they can view the latest versions of these notices.

Using HMRC's PAYE Desktop Viewer

Wales to be offered tax raising powers

4 November 2013

The Welsh government will be offered some control over income tax subject to a referendum.

Speaking in Cardiff Bay, the Prime Minister and his deputy announced new financial powers for the devolved administration.

They include control of the stamp duty paid by house buyers and powers to finance upgrades on the M4.

It follows the publication of a report last year which said the Welsh government should have new tax powers.

At present Wales' devolved administration cannot vary taxes or borrow money, and gets its budget in a grant from the Treasury.

Last November the Silk Commission, set up by the Westminster coalition, said the Welsh government should be responsible for raising some of the money it spends.

'Opportunity to decide'
It included a recommendation to devolve powers to vary a portion of income tax by 2020, following a referendum.

Mr Cameron said Wales will be given borrowing powers, control of landfill tax and stamp duty, and a House of Commons bill giving permission to hold a referendum on the devolution of income tax.

Read the full story from the BBC News.

CIPP comment
Where will it end? By the time the UK has finished we will have four different tax systems to operate in payroll; Scotland which we know is coming, England, now Wales potentially in 2020 - that just leaves Northern Ireland! One saving grace is our payroll software providers will have gone through one process and ironed out any wrinkles for the Scottish tax system; but that is of course assuming Wales decides to operate in the same way as Scotland; what are the chances of that?

Nick Clegg pushes for £10,500 personal allowance from 2015

19 November 2013

The threshold is due to reach £10,000 in 2014/15 but the Deputy PM wants to make it £10,500 from 2015 - a move that would cost the Treasury £1bn.

The BBC reports:

Nick Clegg says he is pushing his Tory coalition partners to agree to cut income tax bills by another £100. The government has repeatedly raised the personal allowance - the amount people can earn before paying income tax - since the 2010 election.

The threshold is due to reach £10,000 in 2014/15 but Mr Clegg wants to to raise the threshold by another £500 as a "workers' bonus" to make it £10,500 from 2015 - a move that

would cost the Treasury £1bn. Conservatives said they would consider it but any changes must be "paid for".

Deputy prime minister and Lib Dem leader Mr Clegg said raising the personal allowance to £10,000 - a tax cut "worth £700 to millions of people" - was a "huge step" which he had been campaigning on for years. The cut would be worth £100 a year to 24 million ordinary rate taxpayers, while taking around half a million people out of income tax altogether. Mr Clegg said his preferred method of paying for the tax cut would be to raise taxes on the "super wealthy" through a "mansion tax" but he said the Conservatives would not agree to this. He told the BBC's Andrew Marr programme "we will find other ways" to fund the policy. "It's not agreed yet. It's something I would like to see us deliver as a coalition government in the next budget," he added.

The basic rate of income tax is 20% so an extra £500 on the personal allowance would cut tax by £100 for anyone earning £10,500 or more, though people earning over £100,000 get reduced personal allowance or none at all.

Mr Clegg said the Liberal Democrats' "long-term ambition" was to "make sure no one pays any income tax on the equivalent of the minimum wage, which is around £12,500". The personal allowance for under 65s was £6,475 when the coalition came to power and it has risen in each of the last three tax years to its current level of £9,440. The government has already agreed to raise it to £10,000 from April, and Mr Clegg's latest proposal would take effect in April 2015 - just before the next general election.

Personal allowance

- 2010/11 - £6,475
- 2011/12 - £7,475
- 2012/13 - £8,105
- 2013/14 - £9,440
- 2014/15 - £10,000

The Married Couples (Tax Allowance) Bill 2013-14 has been withdrawn

26 November 2013

The Private Members' Bill to make provision for a tax allowance for married couples was presented to parliament on 24 June 2013. It was expected to have its second reading debate on 29 November 2013 but it has now been announced that the Bill has been withdrawn and will not progress any further.

Find out more about this Bill

A new electronic message to help employers keep up to date with their PAYE

12 December 2013

HMRC is introducing another new message to help employers keep their PAYE up to date.

This electronic message tells the employer that they haven't sent one or more of the Full Payment Submissions (FPS) that were expected for the last month. It reminds the employer that they must send an FPS each time they pay their employees.

HMRC will start to issue these messages gradually so they can monitor and review the message service to ensure it is as efficient and thorough as possible.

Non-filing message exceptions

There are two instances where an employer may receive a non-filing message although they have filed on time. These are:

- when an FPS has been sent in advance for this tax year - for example, a sole director/employee planning to take the same earnings each month may have submitted 12 FPS in April for the full year
- where HMRC has received an Employer Payment Summary (EPS) before 14 October 2013 that reports a 'period for inactivity' - for example, if an employer has sent an EPS in August 2013 to report a period of inactivity from September 2013 to February 2014.

In either instance, if an employer receives a non-filing message they do not need to take any further action.

Employers will not necessarily receive a message in every instance of late filing or failure to file. There is therefore no need for employers to contact HMRC if they think they should have received a message but have not done so.

2013-14

Although there are no in-year penalties for late filing for the current tax year, employers are reminded that they are liable to penalties if they do not report the final payments made to their employees for 2013-14 by 19 May 2014. Please see HMRC's guidance on 'What happens if you don't report payroll information on time'.

More information on the new electronic messages

All of the electronic messages are aimed at helping employers bring their PAYE up to date and will remind employers that:

- from April 2014, if they don't pay or report on time, they may incur penalties in-year rather than incurring them after the end of the year as now
- if they had no PAYE payment to make because they did not pay any employees during a particular period, they should let HMRC know by sending an Employer Payment Summary (EPS).

There's full information on how to view these electronic messages in the What's New message published on 21 October 2013.

Helping employers keep up to date with their PAYE

Dispatch of 2013-14 Payment Booklets

12 December 2013

HMRC has published a further update about the bulk dispatch of the 2014 to 2015 Payment Booklets to employers and the temporary suspension of dispatch of 2013 to 2014 Payment Booklets.

Further to the What's New message issued on the 5 December 2013 HMRC are pleased to advise that they have obtained an extension on the period of time that the 2013 to 2014 booklets will be issued before they have to take the suspending action.

Dispatch of the 2014 to 2015 Booklets will now be starting on the 6 January 2014. So dispatch of the 2013 to 2014 Booklets will now continue until then.

This means that:

- where a request is received between 3 January 2014 and 24 January 2014 HMRC will issue the booklet in the week commencing 27 January 2014.

The guidance given in the previous message will still apply for payment due on 19 January 2014.

Changes to Employer Payment booklets and letters

6 January 2014

HMRC has published a message regarding a significant change to Employer Payment booklets and letters.

The changes will affect the following documents:

- Employer Payment Booklet (P30BC) - when making a PAYE payment using a payslip through the post or over a bank or post office counter
- Paying PAYE electronically (P30B) - letters issued to customers about paying electronically
- Paying PAYE (P30B Annual) - letters sent to customers who pay us only once a year using a payslip.

These documents will no longer carry the name, address or phone details of the issuing office. This will apply for:

- the remaining months of the 2013 to 2014 tax year
- the whole of the 2014 to 2015 tax year
- all future years.

Each individual document gives guidance on making payments.

The payslips within the booklet or attached to the P30B Annual letter contain addressed reply envelopes for sending the payment in the post.

The Paying PAYE electronically letter explains how to pay by electronic methods and carries the necessary details and information for making payment.

HMRC PAYE guidance updates

15 January 2014

HMRC has updated several areas of their PAYE online guidance, including new data items for the 2014/15 tax year.

The following guides have now been updated:

- What payroll information to report - New data items for 14-15, etc.
- When to report your payroll information - 'Late reporting reason' on FPS
- Starting the tax year - Returns for 14-15 can be sent earlier, i.e. from 6 March 2014
- Correcting payroll errors - current year - Late reporting reason 'H - Correction to an earlier submission'

- When an employee leaves, retires or is made redundant - Late notification of leaving date; late reporting reason 'H - Correction to an earlier submission'
- If you've overpaid or underpaid in error - Bank account details on EPS
- Earlier Year Update (EYU) checklist - New data items for 13-14, etc
- Using HMRC's Online Service - PAYE for employers - New online appeals facility
- Late payment penalties - New online appeals facility
- What happens if you don't report payroll information on time - Reasonable excuse and new online appeals facility.

The updated PAYE final submission for the year and end-of-year tasks guide - formerly 'PAYE end-of-year tasks for real time pilot employers' has also been published.

Should the P45 part 3 be abolished?

17 January 2014

What do you think? Is it time to say goodbye to the P45? Please take 5 minutes to share your view.

Recently a LinkedIn discussion ensued regarding the requirement for employers to continue to produce a P45 part 3 to employees who leave employment.

With real time information, and future plans by government departments to embrace digital alternatives, is it time for this process to cease?

Please spare 5 minutes to complete this short survey to enable the CIPP to gauge the professions thoughts on this subject.

The survey will close at midnight 28 February and the results will be published via the CIPP website and on social media sites. Thank you for your time in assisting your Institute with this research.

How you calculate the amount of PAYE to pay

18 February 2014

HMRC has updated their guidance 'How you calculate the amount of PAYE to pay'.

The guidance can be viewed via the link below.

How you calculate the amount of PAYE to pay

HMRC Employer Bulletin - Issue 46

19 February 2014

Issue 46 of the Employer Bulletin is now available and contains important information relating to payroll obligations to HMRC.

The latest Employer Bulletin is essential reading for employers and agents. It contains a comprehensive article covering all the latest news about operating PAYE in real time: from preparing to make your final submissions for 2013-14, to the announcement that there will be

a staggered start to new in year late payment and late filing penalties; from changes to the information to be reported, to news for users of HMRC's Basic PAYE Tools.

Employers' final PAYE submission for 2013-14

19 February 2014

HMRC has published a What's New on their web pages to help employers prepare to submit their final PAYE report for 2013-14, and avoid any late reporting penalties for 2013-14.

The guidance contains the following:

With the end of the 2013-14 tax year approaching, employers will soon be making their final 2013-14 PAYE submission. This year, employers should not complete a P35 or P14.

Employers are reminded that they may be charged a penalty if they don't report their payroll information.

For most employers, the final submission will be their final Full Payment Submission (FPS). This is the one telling HM Revenue & Customs (HMRC) about the very last employee payment for 2013-14.

The tax year ends on 5 April 2014 so, for most employers, their final submission will be made **on or before** that date on an FPS.

Sending the final real time PAYE submission is very easy to do:

1. Identify the final submission.
2. Complete additional questions and declaration on your final submission.
3. Send the final submission in the same was as a usual real time PAYE submission.

For a step-by-step guide please see HMRC's flowchart Making your final submission of the year.

HMRC has also prepared an 'at-a-glance' guide which goes through the three steps above in more detail and also covers what to do if an employer has:

- sent the wrong payroll information for 2013-14
- forgotten to indicate that that it's your 'Final submission for the year' and complete the additional questions and declaration
- sent their final submission earlier in 2013-14

Making your final submission for the 2013-14 tax year

Payroll software will tell employers whether their submission was successful, so you don't need to ask HMRC whether they've been received.

For full guidance on making a final PAYE submission, read PAYE final submission for the year and end-of-year tasks.

Goodbye National Insurance - hello Earnings Tax

24 February 2014

According to a report in The Daily Telegraph National Insurance could be renamed 'earnings tax'.

Ben Gummer MP, a rising star Tory backbencher who has been campaigning on tax transparency, will propose the change in a Commons Bill on Tuesday. The proposed change, which apparently has Treasury backing, would be the first step towards merging income tax with National Insurance.

Mr Gummer is reported to have said, *"I am very pleased the government is interested in the idea. They have been very receptive to trying to make the tax system more transparent. This would be a really good step forward in making what the government takes from taxpayers clearer and simpler."*

Mr Gummer said he hoped the name change would begin the process of merging National Insurance with Income Tax into one single charge. He said: "The most important part is changing the name so in the public mind we can begin the two as the same, which they are. This is a first step."

Read the full story from The Daily Telegraph.

CIPP comment
The CIPP welcome the government's transparency around the tax system; long overdue. The CIPP does in principle support a change of name if it is the government's intention, with cross party agreement, to look at merging the two systems. Changing the name just to prove transparency, will put payroll software and other professions (training etc.) within the payroll industry to unnecessary administrative and potentially cost burdens if this isn't their intention. The CIPP looks forward to the formal announcement from the government and to the consultation from HMRC and or HMT, along with confirmation of when this change is likely to happen. There will be a number of areas to consider in addition to the employee and employer Class 1 National Insurance changes, such as Class 1A and 1B. Any associated legislation will also need to be amended. Your policy team will be keeping a close eye on this and will of course ensure the profession is represented when the consultation starts.

Amendments to Regulation 72E & F of Pay As You Earn (PAYE) regulations

26 February 2014

HMRC has published for external comment draft Statutory Instrument making amendments to the Income Tax (PAYE) Regulations 2003.

The measure enables HMRC to calculate the amount of tax due where workers whose employment status has been recategorised have made self assessed payments. It also provides HMRC with an option when it issues a notice to the employee of whether to include details of the amounts offset and the tax years they refer to, or merely state the employment to which the notice applies.

The Regulations have been published with accompanying Explanatory Memoranda and TIIN in respect to changes to Regulation 72E and F.

The following is extracted from the Explanatory Memoranda and explains in more detail what the amendments mean for some employers.

The Income Tax (Pay As You Earn) Regulations 2003 make provision, amongst other things, for the recovery of tax from an employee rather than an employer, where it appears an amount intended to represent tax on the PAYE income has been self-assessed or paid on account.

Under the 2003 Regulations, HMRC can, if certain requirements are met, transfer the liability for payment of tax from the employer to the employee. In order to do this HMRC must,

currently, serve a notice on the employer and each individual concerned. The Notice to the individual must specify each year concerned and the tax paid for each year. Where large numbers of individuals are affected, this creates a substantial administrative burden on HMRC with no material advantage for the individuals.

This instrument reduces the burden on employers and HMRC by permitting the serving of notices on individuals but providing an option as to whether to include details of the amounts offset and the tax years they refer to or to only state the employment to which the notice applies. This instrument will also enable HMRC, in certain circumstances, to undertake a sampling exercise to extrapolate an amount by which the tax due from the employer will be reduced.

What is being done and why

Regulation 72F was introduced on 6th April 2008 following a tax case involving the re-categorisation of a worker from self-employed to employed. As a self-employed worker, the individual had declared and paid tax on his income by means of his Self Assessment (SA) tax returns. In his decision the Special Commissioner noted that it would be preferable for the tax paid by the worker, now categorised as an employee, to be set off against the PAYE obligation of the employer.

The effect of this regulation allows HMRC to transfer the PAYE tax liability from the employer to employee by the amount accounted for or paid on account by the individual. This regulation also prevents the employee from claiming a repayment of the tax paid. In other words, the Regulation ensures that HMRC does not receive tax twice from the same relevant payment of income. HMRC does this by issuing a 'Direction notice' to both parties.

In arriving at an accurate tax figure in the Direction notice, Regulation 72F obliges HMRC to check the SA returns of all affected individuals. Whilst this isn't burdensome where the numbers affected are low, it can be burdensome on both employers and HMRC where the numbers are large. The amendment to Regulation 72E enables HMRC to undertake a sampling exercise to extrapolate an amount by which the tax due from the employer will be reduced.

HMRC are currently required to issue a notice advising the employer and all employees that a Direction has been made: setting out for each employee for each affected year, full details of tax paid, tax due relating to the recategorised employment, and tax credited to the employer.

Regulation 72F in its present form places substantial administrative burdens on employers and HMRC. We believe that a more targeted approach that allows HMRC to decide what information should be included in the notices whilst retaining the employees' appeal rights is the best way forward.

The amendment still requires the serving of a notice on an individual but provides HMRC with the option of either specifying the tax due or payable by the employee for each tax year affected or limiting it to the employment covered by the notice.

Next steps

Only those employers with large numbers of employees who are re-categorised will be affected by this change; however the legislation applies to small business in the same way as any other. It is unlikely that the public sector will be affected.

Guidance will be published on HMRC's website for employers affected by this change and HMRC will monitor this change and consider further amendments as necessary

Questions or comments on the draft Statutory Instruments should be emailed to PAYE Policy Team by no later than 9 March 2014.

HMRC's Basic PAYE Tools for 2014-15

6 March 2014

HMRC plans to make its Basic PAYE Tools product for the 2014-15 tax year available on 3 April 2014.

The 2014-15 version of Basic PAYE Tools will be provided as an update to the existing version rather than a separate download, so existing users do not need to go to the HMRC website to get the update.

If employers have the automatic updates switched on, and their computer is connected to the internet when they open Basic PAYE Tools, they will be automatically advised when the software update is available.

HMRC recommends that employers do not take the update until they have:

- paid employees for the last time in 2013-14
- completed the 'Final submission for the tax year' (declaration and the answers to the supplementary questions) - see Employers' final PAYE submission for 2013-14
- sent all this information to HMRC.

Employers can do this using the version of Basic PAYE Tools released in October 2013 (version 13.2.13232).

The new 3 April 2014 version of Basic PAYE Tools will allow users to produce P60s for 2013-14, start the 2014-15 tax year and claim the new National Insurance contributions (NICs) Employment Allowance of up to £2,000.

Cheque payments to become quicker and easier

7 March 2014

The government has today unveiled detailed plans to modernise cheque payments.

The government is proposing legislating for "cheque imaging" which will speed up cheque clearing times and give customers greater convenience and choice in how they deposit cheques. The reforms will enable banks to clear a certified, digital image of a cheque instead of a traditional paper cheque. This will secure the future of the cheque as a reliable method of payment in the UK, using proven technology which has been in operation in the United States for 10 years.

The changes will make a real difference to cheque users. Not only will it reduce the time it takes for a cheque to clear, to as little as two days, it will increase consumer convenience and choice of ways to pay. While customers will continue to be able to deposit cheques at branches, cash machines, Post Offices or by post and still benefit from a faster clearing cycle, banks will also be able to offer the option of paying in cheques via smartphone or tablet. For customers in rural areas or with limited mobility, for example, this extra option could help overcome current barriers to financial inclusion. Additionally, banks may be able to offer later last times of deposit to customers if they no longer require couriers to collect paper cheques daily from branches.

Cheques are a crucial part of the British payments landscape - nearly £840 billion of cheques were processed in 2012 – accounting for 10% of all payments made by individuals. They are especially important to small businesses – sole traders and other micro businesses who continue to make over a fifth of their outgoing payments in cheques. Cheques continue to be

a vital channel for charitable donations. Nearly a third of smaller charities receive over 75% of their income by cheque.

And because they are so important the government is taking steps to secure their long term future. It is seeking views on proposals that will enable banks to process images of cheques rather than paper as they do today. That means that time spent transferring it between different banks and centres for processing, exchange and clearing is saved, as well as reducing the overall costs. In the future it could be quicker to cash a cheque than to complete a Bacs transfer.

The government has published a consultation on cheque imaging and is seeking views from consumers, businesses, charities and the banking industry on how best to implement changes that will boost the status of the cheque, reinforcing their relevance in 21st century Britain. The option to respond to consultation questions is also available via LinkedIn.

HMRC online service availability issues

11 March 2014

On 13 and 17 March the Government Gateway will be unavailable for certain services.

The following information has been published on HMRC's service issues web pages.

HMRC apologise for any inconvenience this may cause.

Pay As You Earn (PAYE)

Due to a scheduled upgrade, the Vendor Single Integrated Proving Service (VSIPS) will be unavailable between **09:00 and 18:00 on Thursday 13 March**. The Third Party Validation Service (TPVS) will however be available for use.

Please follow the link below to find out if customers using your software are affected by downtime. Service availability

Online End of Year Expenses and Benefits

Due to a scheduled upgrade you will be unable to submit your Expenses and Benefits forms (P9D, P11D & P11D(b)) **between 21:00 on Monday 17 March and 00:59 on Tuesday 18 March**. The Online End of Year Expenses and Benefits Service will still be available for forms to be completed however you will be unable to submit them during this period. If you want to complete a P11D(b) only or make an amendment you will be unaffected as these forms should be printed and posted to HMRC.

Expenses and Benefits online form

Please follow the link below for information on any current service issues that may affect you:
Service Issues - Online End of Year Expenses and Benefits

Construction Industry Scheme (CIS)

Due to a scheduled upgrade you will be unable to access our online service **between 21:00 on Monday 17 March and 00:59 on Tuesday 18 March**. If you use commercial software you will be unable to submit your returns at this time.

Please follow the link below for information on any current service issues that may affect you:
Service issues - Construction Industry Scheme (CIS)

Online Agent Authorisation

Due to a scheduled upgrade you will be unable to access our online service **between 21:00 on Monday 17 March and 00:59 on Tuesday 18 March**. If you use commercial software you will be unable to submit at this time.
Get authorisation to act on a client's behalf

Correction to HMRC's Business Tax Dashboard

14 March 2014

HMRC has corrected an issue which had resulted in some employment records being incorrectly merged on its systems.

HMRC has published the following on their What's New web page.

Correction to HMRC's Business Tax Dashboard
HM Revenue & Customs (HMRC) has corrected an issue which had resulted in some employment records being incorrectly merged on its systems.

The issue affected some employers who employ an individual to do more than one job within the same PAYE scheme. In some instances, the issue resulted in these separate employments being merged in error. This has now been fixed.

Before HMRC corrected the issue affected employer accounts will have been incorrect on HMRC's Business Tax Dashboard.

HMRC has updated the employer records affected and the Business Tax Dashboard will shortly show corrected figures for the affected employers as follows:

- Employers who have been paying the right amount of tax (based on their payroll) should see their accounts now balance on the Business Tax Dashboard. Prior to the records being updated they will have been in a credit position.
- Dependent on individual circumstances, employers who have been paying the amount that the Dashboard said that they owed (rather than the amount based on their payroll) may end up in debt position when the record is updated.
- Some employers may see no change at all.

If an employer will have difficulty paying any extra money owed, they should follow this guidance - Problems paying HMRC.

HMRC are sorry for any inconvenience that this may cause.

CIPP survey on 'cheque imaging' consultation

26 March 2014

Please take ten minutes to tell us whether you still use cheques and in what circumstances and whether the introduction of 'cheque imaging' to speed up cheque processing would be beneficial to your business.

Cheques continue to form a vital part of the British payments landscape. Nearly £840 billion of cheques were processed in 2012, accounting for ten percent of all payments made by individuals. While there is a decline in cheque volumes, over nine in ten businesses and other organisations continue to use them. Cheques are used by sole traders, other micro

businesses and small businesses to make over a fifth of their outgoing payments. For many smaller charities and other voluntary organisations, cheques are the primary method of payment.

The government has already taken a number of steps to ensure that the banking industry provides individuals and businesses with a choice of payment methods that adequately serve their needs.

In 2009 the Payments Council, the industry body responsible for setting payments strategy, announced a target date of 2018 for closure of the central cheque clearing system. Many stakeholders felt this decision would lead, in practice, to the abolition of cheques. This decision caused considerable anxiety for many people in the UK, particularly those who are elderly, housebound or rely on cheques to conduct their day to day business (such as many charities, clubs and small businesses). Following pressure from the Treasury Select Committee (TSC) and the government, the Payments Council reversed its decision and the banks undertook to provide cheque services for as long as customers needed them.

The government is now taking a further step to support ongoing innovation in UK payments and secure the future of cheques. The government is setting out proposed legislation which will allow for the introduction of 'cheque imaging', an innovation that speeds up cheque clearing times by sending a digital image of the cheque for clearing, rather than the piece of paper itself.

Cheque imaging will provide greater opportunities for banks and building societies to innovate and provide new services. For example, customers may be able to take a photograph of their cheque on their smartphone and pay it in electronically via their bank's mobile banking app. Customers without smartphones will be able to deposit their cheques as usual at bank branches or cash machines, where a cheque can be scanned and the image transmitted electronically.

The CIPP policy team have created a short survey to understand if you still use cheques, in what circumstances, and whether these proposals would be of benefit to you in the future.

We would be very grateful if you could complete this survey which should take no more than 10 minutes. The survey closes on 4 April 2014.

PAYE for employers: help for preparing for 2014-15

20 March 2014

HMRC has produced two helpsheets on getting ready for April 2014 and the tax year ahead. The helpsheets cover:

- what employers need do to get ready for their final 2013-14 submission and the start of 2014-5 - and the changes they will see in 2014-15
- in-year interest charges being introduced from 6 April 2014

Preparing for 2014-15
Employers can use this helpsheet as a ready-reference whilst preparing their businesses and PAYE affairs for the end of 2013-14 and the start of 2014-15. The helpsheet provides a checklist of what to do to get ready for the start of 2014-15, including:

- making a correct final PAYE 2013-14 report
- taking action if they have missed their deadline for starting to reporting in real time
- a reminder to annual filers to be ready to submit their final report if they haven't already

Details of the changes employers will see from 6 April 2014:

- on a Full Payment Submission (FPS)
- on an Employer Payment Summary (EPS)
- to interest
- to correcting errors for an earlier year
- to Generic Notification Service electronic messages

A forward look for changes later in the year:

- in-year penalties
- online appeals

Finishing the 2013-14 and starting the 2014-15 tax years

Interest from 2014-15
This helpsheet sets out in brief how the new, in-year interest will operate from 2014-15, providing information on, amongst other things:

- what will change with the way HMRC charges interest
- how interest will be calculated
- how HMRC will calculate interest on a charge that employers didn't agree with

At a glance: interest from 2014-15

Further information
The 'What's new' message of 18 February 2014 has a link to a helpsheet providing a step-by-step guide on sending the final 2013-14 submission to HMRC: Employers' final PAYE submission for 2013-14

Employers who pay PAYE only once a year and are due to pay month 12 of 2013 to 14

24 March 2014

HMRC has recently issued letters entitled 'Paying PAYE electronically' to employers who are due to make their one off annual 2013 to 14 PAYE payment for month 12, 6 March to 5 April by 19/22 April 2014.

HMRC has published the following message on their 'What's New' pages:

Employers who pay PAYE only once a year and are due to pay month 12 of 2013 to 14

Most employers now report their PAYE information in real time, known as Real Time Information (RTI). This means each time you pay an employee you must submit details about employees' pay and deductions to HMRC using payroll software. As part of this change and our ongoing drive to encourage employers to pay using electronic methods of payment, we have stopped automatically issuing letters with a payslip to all employers who pay their PAYE on an annual basis in one single month of the year.

If you have received one of the 'Paying PAYE electronically' letters we will not be sending you a payslip to pay your month 12 payment and we are encouraging you to follow the guidance on the letter and pay us electronically.

As the letter advises, paying electronically is more secure, faster, easier and allows you to pay by the 22 April instead of the 19 April if you paid by cheque in the post.

If, exceptionally, you are unable to pay using an electronic method then you will find a pro-forma payslip and guidance on how to use it elsewhere on this website.

Your payment is due on the 19 April if paying by cheque in the post or 22 April when paying electronically. We may charge interest and late payment penalties if you do not make your payment on time.

Employers reject Bitcoin and peer-to-peer currencies for payroll

1 April 2014

Latest research from HR & Payroll provider Equiniti ICS, has revealed a strong reluctance amongst UK employers to use peer-to-peer currencies, such as Bitcoin, and regional currencies, such as the Bristol, Lewes or Totnes Pound to pay their employees.

The research questioned leading employers across the UK in both public and private sectors and found that 28% of HR and payroll professionals were aware that it is possible to pay their workers in alternative currencies. However, Just 8% of employers surveyed said that they would be currently interested in alternative currencies for their payroll, the majority of respondents viewed these currencies with concern and most (60%) were monitoring to see how they develop before implementing any changes to payroll.

24% of respondents were concerned that alternative currencies were another 'dotcom bubble' and 32% thought they were merely a gimmick.

Interestingly, for the 8% of companies that have reviewed the option of using alternative currencies, the reason for not proceeding were as follows: 72% no employee demand, 28% lack of clarity over tax regulation, 28% not wanting to run multiple domestic currencies, 14% lack of software functionality to support peer-to-peer currencies and 14% no corporate support.

Mervyn McCormick, Head of Account Management at Equiniti ICS, comments, *"At some point in the future it is likely that peer-to-peer currencies will have a place. However, as our research shows they are seen as having far too much risk, both to the employer and employee to offer them. As part of our ongoing technology developments we have developed systems that can accommodate alternative currencies, but in reality I think it will be many years before they will ever be required."*

Find out how Bitcoin works with Equiniti's 'Beginners guide to Bitcoin'.

Avoid an estimated charge if you've sent the final 2013-14 PAYE submission early

2 April 2014

HMRC has published a 'What's New' message for employers who have submitted a final FPS for the tax year in month 11 or earlier.

Where employers have made a submission for month 11, or earlier, that confirmed that it was their 'Final submission for the tax year' and answered the end-of-year declaration and questions, they will still need to submit an Employer Payment Summary (EPS) for the later month(s) to tell HMRC that they have a period of inactivity, or that they haven't paid anyone, to avoid HMRC estimating a charge.

For example, if an employer made their final payments to their employees in tax month 10 and indicated on that Full Payment Submission (FPS) that it was their 'Final submission for the tax year' and answered the end-of-year declaration and questions, they must still:

- send HMRC an EPS by 19 April 2014
- complete the 'No payment dates' or 'Period of inactivity' fields to show that they won't be sending an FPS for tax months 11 and 12.

Guidance for employers in respect of end of year tasks can be found here:
PAYE final submission for the year and end-of-year tasks

There is also a short 'step-by-step' flowchart for employers to use:
Making your final submission of the year - flowchart

Along with an 'at-a-glance' guide:
Making your final submission of the year - 'at-a-glance' guide

Mortgage lending rules changes

3 April 2014

Lenders will need to confirm an individual's earnings, however the payslip will continue to be sufficient evidence.

As you may be aware the way in which mortgages will be offered and approved is changing. One of the criteria was that of lenders needing to confirm an individual's earnings. We offer our thanks to the Council of Mortgage Lenders, who have confirmed to the CIPP that the current "normal" procedure of requesting payslips and or P60s etc. will not change. Whilst as now we receive some formal requests for confirmation of earnings, this is not expected to increase due to the changes, but instead individuals will be asked to supply formal evidence i.e. payslips.

CIPP response to HM Treasury's consultation on cheque imaging

8 April 2014

The CIPP policy team has submitted a formal response to HM Treasury's consultation on cheque imaging.

The policy team would like to thank everyone who responded, including members of the AAT.

Those who responded warmly welcomed the proposal to legislate to protect the right of customers to continue presenting paper cheques at bank branches, however the proposals to introduce cheque imaging through smartphone technology were more muted. This is likely to be because information is very vague, meaning members were unsure whether there will be any benefits or additional costs brought about by the new technology.

Our consultation response is available to download through the link below.

CIPP response to HM Treasury's consultation on cheque imaging

PAYE: What to do if your employee asks why they don't have a new tax code

3 April 2014

HMRC hasn't issued some notices of coding to your employees for 2014 to 2015 - find out why and what to do if you get queries.

This year HM Revenue & Customs (HMRC) has not issued P2 coding notices to certain customers where there is no effect on their tax.

P2s have not been issued to those who:

- are not in employment and/or not receiving Jobseekers or Employment Support Allowance, or
- have no liability to tax, or
- have a 2014-15 tax code that is the same as for 2013-14.

Customers need only contact HMRC if their circumstances have changed so they are no longer in either of these three categories. They will then update their records and issue a new code in the usual way. If any of your employees are in this position, they should contact HMRC by email - follow the link below:

Email HMRC to tell them your tax code is wrong

Or they can contact HMRC's Taxes Helpline by telephoning 0300 200 3300.

Basic PAYE Tools for 2014-15

4 April 2014

HMRC's Basic PAYE Tools product for the 2014-15 tax year (version 14.0.14063) is now available. This is an update to the existing version, rather than a separate download, so existing users do not need to go to the HMRC website to get the update.

If employers have the automatic updates switched on, and their computer is connected to the internet when they open Basic PAYE Tools, they will be automatically advised that the software update is now available.

HMRC recommends that employers do not take the update until:

- they have paid employees for the last time in 2013-14
- they have completed the Final submission for the tax year - the declaration and the answers to the supplementary questions
- sent all this information to HMRC.

Employer's final submission for 2013-14
Employers can do this using the version of Basic PAYE Tools released in October 2013 (version 13.2.13232).

The new version of Basic PAYE Tools allows users to produce P60s for 2013-14, start sending payroll submissions for the 2014-15 tax year and claim the new National Insurance contributions (NICs) Employment Allowance of up to £2,000.

There are more details about this on the GOV.UK website.
Employment Allowance: up to £2,000 off your Class 1 NICs

PAYE for employers - Electronic message updates: keeping employers up-to-date

9 April 2014

HMRC is updating the Generic Notification Service (GNS) messages for 2014-15.

HMRC has a posted a message on their 'What's New' web page:

The first of these updated messages - for late filing - is scheduled to be sent out shortly. Employers will not necessarily receive a message in every instance of late filing. There is no need for employers to contact HMRC if they think they should have received a message but have not done so.

A Full Payment Submission (FPS) may trigger a late filing message if any of the employee payments reported on it are made before the date the employer sends the report. However, HMRC will issue a maximum of one late filing message in a tax month.

In some circumstances employers may have a valid reason to send their FPS after the date of payment. These employers can avoid getting a message by selecting the 'late reporting reason' indicator which is available on the FPS from 6 April 2014.

The updated message now includes reference to the introduction of the 'late reporting reason' and the staggered introduction of penalties.

The revised text, which reflects feedback from external stakeholders, reads as follows.

'Our records show that you didn't send HM Revenue & Customs your Full Payment Submission (FPS) on time. You must send an FPS each time you pay your employees'.

From October 2014, if you don't send your FPS on time you may incur in-year filing penalties. Please make sure that you send your FPS on time in future.

If a late reporting reason applies because you are unable to submit your FPS on or before the date an employee is paid, you should tell HMRC on your FPS - see the guide 'When to report payroll information'.

In response to customer feedback, HMRC has also enhanced the text of the email alerts sent to employers and their representatives to let them know they have received a GNS message. The text previously directed employers to search for these in HMRC Online under the heading 'RTI Notices'. However, GNS messages are found using the link 'Generic Notification Notices', within HMRC Online. HMRC has amended the email instructions to make this clearer.

HMRC will be issuing the associated GNS messages for late payment and non-filing later in the year.

Other changes
Electronic Data Interchange (EDI) users may now choose to receive GNS messages through either EDI or the internet if they have EDI outbound communication in place.

More about GNS messages
Employers who receive one of these messages should use them as a prompt to ensure that their business is ready to submit their PAYE returns on time from 6 October 2014, in order to avoid potential in-year filing penalties.

There is full guidance on penalties in the guide 'What happens if you don't report payroll information on time'.

HMRC Employer Bulletin - Issue 47

15 April 2014

The latest issue of the Employer Bulletin has been published and contains important information which may affect payroll obligations to HMRC.

Note that the next Employer Bulletin will be available in June as due to the volume of information they now contain, HMRC has decided to publish on a bi-monthly basis.

IR35 and Intermediaries

IR35 TO APPLY TO OFFICE HOLDERS FROM 6 APRIL 2013

4 April 2013

In advance of the 6 April 2013 we are being reminded by HMRC that change is afoot with IR35 tax legislation which is being extended to office-holders for the 2013-14 tax year onwards.

This change applies where an individual supplies their services via an intermediary to perform the duties of an office from and including 6 April 2013. The IR35 rules for National Insurance contributions already apply in these circumstances and will continue to do so.

Further details on this complex subject can be found in frequently asked questions under Offices and office-holders e.g. directors' questions 3 and 4.

Please note that HMRC guidance is based on draft legislation published on 11 December 2012. However, it cannot be considered final until the Finance Bill 2013 receives Royal Assent (planned for summer 2013).

HMRC - IR35 MINUTES PUBLISHED

10 June 2013

Minutes of the 29 April IR35 Forum have been published.

Minutes of the IR35 Forum meeting held on 29 April 2013 can be accessed at the website of HMRC.

Call for evidence on Personal Service Companies

29 November 2013

A select committee of the House of Lords is conducting an inquiry into the use of Personal Service Companies and intends to consider the implications for tax and National Insurance.

This call for evidence will be reviewing the use of Personal Service Companies in the public and private sectors and although the implications for tax and NI will be considered, so will wider issues both from the point of view of workers and their clients.

Written evidence is sought by Tuesday 31 December 2013. The policy team will be publishing a survey shortly to gather member opinion, which will include questions such as:

- *To what extent does the current IR35 legislation impose additional compliance burdens and administrative costs?*

- *Are the current avenues of consultation on IR35 working and what more should be done to ensure that the Government listens to interested stakeholders?*

- *Are HMRC's recent efforts in improving the administration of IR35 judgement cases working? Is more guidance and advice needed to aid individuals in judging the status of business transactions for themselves or should further resources be given to HMRC for compliance efforts?*

- *Do businesses insist on the use of Personal Service Companies? If so, should responsibility be placed on them rather than the worker to decide whether a business transaction falls within IR35?*

- *What role do Umbrella companies play? To what extent are agencies encouraging individuals to enter into such structures?*

Public hearings of oral evidence will be held from November 2013 to January 2014. The Committee aims to report to the House, with recommendations and conclusions, in March 2014. The report will receive a response from the government, and may be debated in the House.

HMRC - IR35 minutes published

3 December 2013

Minutes of the 1 August IR35 Forum have been published.

Minutes of the August IR35 Forum meeting can be accessed at the website of HMRC.

The CIPP and the AAT joint survey on IR35 Legislation and Personal Service Companies

4 December 2013

A select committee of the House of Lords is conducting an inquiry into the use of Personal Service Companies and intends to consider the implications for tax and National Insurance.

This call for evidence will be reviewing the use of Personal Service Companies in the public and private sectors. Along with the consideration of implications for tax and NI, wider issues both from the point of view of workers and their clients will also be looked at.

The CIPP and the AAT are working jointly to obtain views from their members working within payroll, tax and accountancy. We would appreciate it if you could spare approximately 20 minutes of your valuable time and share your experiences with us in completing this survey.

Unfortunately there is a tight timescale for collecting the results as evidence needs to be submitted by 31 December 2013 and so this survey will only remain open until close of business on 18 December 2013.

Thank you in advance for your time and input.

Offshore employment intermediaries

2 January 2014

HMRC has published draft guidance as part of the consultation on proposals to strengthen legislation where there is an offshore employment intermediary.

The draft guidance requires the legislation to get Parliamentary approval and could change before it comes into force.

Download the draft National Insurance Manual guidance

Download the draft Employment Status Manual guidance

To support the draft guidance, HMRC has also published a technical note and some frequently asked questions, which you can download from the links below.

Technical note

Frequently asked questions

The CIPP and AAT joint response on IR35 Legislation and Personal Service Companies

3 January 2014

Last month we published a CIPP/AAT survey to gather member views from the payroll, tax and accountancy community.

The CIPP and AAT have submitted a joint response to a House of Lords Select Committee who are conducting an inquiry into the use of Personal Service Companies.

The call for evidence was published to review the use of Personal Service Companies in the public and private sectors. Along with the consideration of implications for tax and NI, wider issues both from the point of view of workers and their clients are also to be looked at.

The evidence from our survey shows that current legislation and guidance is not clear enough, is confusing and is not necessarily aimed at the right groups of people. Current consultation methods are not thought to be effective and as such the CIPP and AAT will support the Committee and work with them in any future consultation work.

We would like to thank all those who took the time to share their expertise and thoughts through our survey. The full response can be downloaded through this CIPP News page.

Deadline for certain employers operating the Intermediaries (IR35) legislation

14 January 2014

Employers who submitted a provisional P35 for 2012 to 2013 and paid tax/NICs on account in line with the special rules for intermediaries have until 31 January 2014 to submit an amended P35 and pay any additional tax/NICs due.

HMRC has published a reminder regarding the deadline for certain employers operating IR35 legislation, which reads as follows:

IR35 - Deadline for Full Returns and Payments
The normal end of year payment actions apply to Pay As You Earn (PAYE) and National Insurance Contributions (NICs) arising on a deemed employment payment made under the Intermediaries (IR35) legislation. The total PAYE and NICs for 2012-13 was therefore due to be paid by 19 April 2013 with a completed P35 submitted by 19 May 2013.

However special rules apply if intermediaries were unable to finalise the calculation of the deemed payment in time. Provided a payment on account of the estimated tax and NICs for 2012-13 was made by 19 April 2013 supported by a P35 showing provisional figures, then

intermediaries have until 31 January 2014 to submit amended returns showing the final figures and to pay any additional tax and NICs due.

In these circumstances, interest will be charged on late payments made after 19 April 2013 (when the original payment was due) but no penalties will be charged if:

- the original P35 and relevant P14s were received by 19 May 2013 with part 2 of question 6 on the P35 answered 'Yes' and showing remuneration paid during the year plus an amount on account of the deemed employment payment with tax and NICs correctly calculated, and
- an amended P35 and accompanying documents notifying the correct final amount for the deemed employment payment and the tax and NICs due is sent to HM Revenue & Customs (HMRC) by 31 January 2014, and
- any additional tax and NICs due as a result of the amended P35 is paid by 31 January 2014

If HMRC does not receive an amended P35 and balancing payment by 31 January 2014, the original P35 will be considered to reflect figures which the employer declares to be final and correct.

Offshore Employment Intermediaries

25 March 2014

New Tax and National Insurance rules for Offshore Employment Intermediaries come into force from 6 April 2014. HMRC has published guidance about the changes.

At Budget 2013 the government launched a consultation on changing the rules on Offshore Employment Intermediaries in order to deter PAYE and National Insurance (NIC) avoidance schemes.

Following consultation, the government introduced new Tax and NIC rules which take effect from 6 April 2014.

Offshore Employment Intermediaries

HMRC need to do more to justify the continuing existence of the IR35 legislation, say House of Lords

7 April 2014

A House of Lords Select Committee has published their report on Personal Service Companies.

A call for evidence conducted by a Select Committee of the House of Lords was launched in November 2013 into the use of Personal Service Companies. The Committee focussed on five main areas during this inquiry:

- The use of personal service companies, relevant legislation and recent trends;
- The continuing viability of the IR35 legislation;
- HMRC's administration and the effect of recent reforms;
- Implications for the lower-paid; and
- The public sector.

The CIPP and the AAT worked jointly on a survey to obtain views from their members working within payroll, tax and accountancy. The evidence from our survey shows that current legislation and guidance is not clear enough, is confusing and is not necessarily aimed at the right groups of people. Current consultation methods are not thought to be effective and as such the CIPP and AAT will support the Committee and work with them in any future consultation work. The full response is available to download through this CIPP News page.

In today's press release, the Select Committee state that HMRC need to do more to demonstrate that the revenue protection they claim for the 'IR35' legislation outweighs the costs it imposes. HMRC should also take steps to provide better and clearer guidance to those affected by the provisions.

The Chairman of the Committee, Baroness Noakes, said:

"During the inquiry, it became clear to us that there is an increasing use of personal service companies by freelancers and contractors, who are part of the UK's flexible workforce. There are many reasons for the use of personal service companies, including the possibility of reducing tax and national insurance bills. The Government's anti-avoidance legislation, often referred to as IR35, is complex and raises its own problems.

We found that there is a general lack of information of how widespread the use of personal service companies is in the UK economy and that this is due, in no small part, to the absence of reliable information collected by HMRC. This could be rectified by amending the personal tax return and employer year end declaration and making the questions on service companies compulsory, rather than optional.

HMRC failed to demonstrate that that they had a sound basis for the £550m of tax and national insurance that they cited as being at risk if IR35 were to be abolished or suspended. The deterrent nature of the IR35 legislation is its main rationale. We recommend that HMRC publish a detailed assessment of this figure and we also call for an assessment to be made of the cost to the taxpayers affected by the rules.

Whilst we commend HMRC on the establishment of the IR35 Forum as a means of greater stakeholder engagement, we believe that HMRC should consult on revising the 'Business Entity Tests' and should make the Contract Review Service more effective.

We also received evidence that low-paid workers may also be employed via personal service companies and that they may not be aware that this means they have fewer employment rights. We believe that this is something which needs to be thoroughly assessed by the Low Pay Commission. We also recommend that the Government produce a short guide setting out the basic differences between employment and self-employment; this would help to reduce some of the confusion experienced by those who are not in conventional employment situations.

We also recommend that further measures are taken to build confidence in the public sector's management of off-payroll engagements and that the Treasury take a leading role in this."

The report and transcripts of evidence sessions and submitted written evidence are available on the Committee's webpage.

The government is expected to respond to the report within two months, after which both the Committee's report and the government's response will be debated in the House of Lords in due course.

Offshore Employment Intermediaries

14 April 2014

Where there is a UK agency in the contractual chain, they will be responsible for operating PAYE and NIC under new rules which take effect from 6 April.

At Budget 2013 the government launched a consultation on changing the rules on Offshore Employment Intermediaries in order to deter PAYE and NIC avoidance schemes.

Following consultation to reform the rules to make enforcement easier and simpler, the government has introduced new NIC (National Insurance contribution) rules which take effect from 6 April 2014.

National Insurance regulations have been published covering:

- Offshore Intermediaries - The Social Security (Categorisation of Earners) (Contributions) (Amendment) Regulations 2014
- UK Continental Shelf (UKCS) - The Social Security (Contributions) (Amendment No. 2) Regulations 2014.

Similar Income Tax rules have been published in the Finance Bill 2014.

Offshore Intermediaries

The rules where an agency or UK host business involved have been strengthened. Compliant UK host businesses who have been deducting PAYE and NIC should notice no change - the idea is to enable HMRC to be able to more easily prove the facts in cases where PAYE and NIC have not been deducted.

There are new rules where an employee is employed by or through an offshore intermediary:

- where there is a UK agency in the contractual chain, the UK agency is responsible for operating PAYE and NIC
- if there is more than one UK agency in the contractual chain, the UK agency that contracts with the end client is responsible for operating PAYE and NIC
- where there is no UK agency in the contractual chain the client the employed person works for is responsible for operating PAYE and NIC
- there is a special rule that applies the secondary NIC obligation to a UK agency that is involved in supplying workers overseas, where the worker is in Class 1 National Insurance when working abroad.

The new legislation also simplifies the agency rules so that a worker is subject to Class 1 National Insurance and PAYE when they work through an agency and:

- the worker personally provides or is personally involved in the provision of services, to the client
- there is a contract between client and an agency under or in consequence of which the services are provided or the client provides consideration for the services, and remuneration is receivable by the worker

The agency worker rule does not apply to those workers where it can be shown that the worker is not subject to (or the right of) supervision, direction or control by any person.

UK Continental Shelf

Special rules have been introduced where a person is employed on the UKCS in the oil and gas industry by or through an offshore employer:

- where the offshore employer has an onshore associate company, the associate is responsible for operating PAYE and NIC, including secondary NIC
- if there is no onshore associate company, then the licensee of the oil and gas field is made responsible for operating PAYE and NIC, including secondary NIC
- a certification system is being introduced, under which, the licensee can be exempt, if HMRC issues a certificate, showing that the offshore employer is meeting all the PAYE and NIC obligations, including secondary NIC.

If the offshore employer is correctly meeting all PAYE and NICs obligations on behalf of the licensee, then HMRC will issue a certificate exempting the licensee from their PAYE and NICs obligations. As long as this certificate is in force, the licensee cannot be pursued for any PAYE or NICs obligations.

Real Time Information (RTI)

REAL TIME INFORMATION STARTING DATES FOR NON-STANDARD PAYE SCHEMES

10 October 2012

HMRC published a press release on 28 September which announced that, as part of the awareness campaign for Real Time Information (RTI), HMRC is writing to all employers to make sure that they are ready.

As part of this activity, HMRC is writing to all employers who operate certain specific PAYE schemes, setting out how reporting PAYE in real time will affect them from April 2013.

Whilst some of these schemes will begin reporting PAYE in real time from April 2013, care and support employers, employers with religious objections to electronic communications and users of the special schemes for Examination Fees, Electoral Payments, Direct Payment and Direct Collection schemes will start reporting from April 2014.

The Simplified PAYE Deduction Scheme will therefore remain open until April 2014 for Care and Support employers who currently use the Scheme and who wish to file on paper. This means that the existing annual paper filing arrangements for people who employ care workers and for certain religious groups will be retained for an additional year until April 2014.

This will enable HMRC to work closely with representatives of Care and Support employers and religious groups to ensure that the best paper-filing solution is fully tested and developed for them when they move to real time reporting from April 2014.

Tax Award Scheme, Offshore Protocol and Contractor Only (no employees) schemes, due to their unique nature, are outside the scope for reporting in real time and will not be required to do so at all.

For more information, including details of the schemes themselves and when they will start reporting PAYE in real time, visit HMRC's web pages on reporting PAYE in real time for non-standard schemes.

These arrangements do not affect the timetable for the implementation of reporting PAYE in real time. The pilot continues to go very well and HMRC are on track for the vast majority of employers to begin reporting in real time from April 2013 as planned.

Reporting PAYE in real time - Summary of Non-standard PAYE schemes

Non-standard PAYE Scheme type	In or out of operating PAYE in Real

	time?
Simplified PAYE Deduction Scheme: Non-Care and Support employers	In (from April 2013)
Simplified PAYE Deduction Scheme: Care and Support employers	In (from April 2014)
Examination Fees	In (from April 2014)
Electoral Payments	In (from April 2014)
Tips and voluntary service charges distributed by a Tronc	In (from April 2013)
National Insurance (NI) only liability: Employer responsible for deducting NI	In (from April 2013)
Direct Collection: Employee deducting NICs only on their own employment income	In (from April 2014)
Direct Payment: Employee deducting Tax only on their own employment income	In (from April 2014)
Direct Payment: Employee deducting Tax and NICs on their own employment income	In (from April 2014)
Profit Sharing Scheme	In (from April 2013)
EPA: Payments to employees of companies in receivership	In (from April 2013)
Taxed Award Scheme	Out
Offshore Protocol	Out
Contractor only (no employees)	Out

Read the full press release from HMRC

REAL TIME INFORMATION GUIDANCE ON PENALTIES FOR 2012/13 AND 2013/14

29 November 2012

HMRC has now published guidance on late and inaccurate returns for 2012-13 and 2013-14.

Following consultation, the guidance sets out the following for employers operating PAYE in real time.

Penalties for late returns 2012-13 and 2013-14

There will be no change to the penalties for late filing of returns for the tax years 2012-13 and 2013-14. The current penalty regime will continue to apply at the tax year end. There will be no penalties if in-year Full Payment Submissions (FPSs) are submitted late.

Employers and pension providers must submit an FPS 'on or before' they pay an employee or pensioner. If they still have information to send after 5 April, they can send this on an FPS until 19 April, then on an Earlier Year Update after that. To avoid a late filing penalty for 2012-13 and 2013-14, they must report the final payment made to an employee or pensioner by 19 May following the end of the relevant tax year.

Penalties for inaccurate returns 2012-13 and 2013-14

2012-13: For the tax year 2012-13, HMRC will not charge penalties for inaccuracies identified on in-year FPS. But penalties may be charged after the end of the tax year, based on the final FPS for the year.

2013-14: Penalties for inaccuracies may apply to in-year returns from the 2013-14 tax year. HMRC will use the same considerations which apply now under Schedule 24, Finance Act 2007 and continue to use a risk-based approach to identify employers who may be submitting incorrect returns.

Guidance is published in the guide 'What happens if you don't report payroll information on time'

Real Time information and late payment

Reporting in real time does not change an employer or pension provider's legal obligation to pay HMRC in full - at the right time - the amounts they deduct from their employees or pensioners as they go through the tax year.

Underpayments 2012-13

From Monday 19 November 2012 HMRC started contacting employers with apparent underpayments to help them get up-to-date and on the right lines with their payments.

Late payment penalties 2012-13 and 2013-14

For the tax years 2012-13 and 2013-14, HMRC will continue to use a risk-based approach to identify employers who are not complying with their payment obligations and who therefore might be liable to late payment penalties. Where employers who are not complying with their obligations are identified, late payment penalties may be charged.

HMRC will notify employers who may have defaulted on either a filing or payment obligation as soon as possible to enable them to get back to compliance quickly and avoid any further penalties for future failures. For further information on payment of PAYE, please read 'PAYE/National Insurance payments and deadlines'.

For reporting in real time - PAYE/National Insurance payments and deadlines

For current PAYE - PAYE/National Insurance payments and deadlines

NEW SCHEME REFERENCE NOT RECEIVED IN TIME FOR FIRST FPS; WHAT DO I DO?

5 February 2013

A concern has been raised on the CIPP Real Time Information online forum (SIG) around the impact of delayed PAYE registration once RTI goes live.

A member of the CIPP Real Time Information online forum (SIG) posted a concern around registering new employers/schemes and asked what would happen if the first FPS was required and no reference had been received? We have received the following response from HMRC.

We will be monitoring this during 2013-14, when there are no late payment or late filing penalties and will consider further changes if necessary. HMRC acknowledges that it can take time to register a new PAYE scheme. In most cases this does not cause a problem because the employer registers their scheme in good time before starting to pay employees.

An employer should operate PAYE from the outset. If they need to pay employees before their scheme reference is issued they should start submitting PAYE information in real time as soon as practical once the scheme is set up.

We will be monitoring this during 2013-14, when there are no late payment or late filing penalties and will consider further changes if necessary.

RTI - RELAXATION OF REPORTING FOR SMALL BUSINESS

19 March 2013

HMRC has published news of a relaxation being offered now for small employers to provide extra time to prepare for RTI.

HMRC has accepted that for some small employers who pay employees weekly, or more frequently, but who only process their payroll monthly may need longer to adapt to reporting PAYE information in real time. HMRC has therefore agreed a relaxation of reporting arrangements for small businesses.

Until 5 October 2013, employers with fewer than 50 employees, who find it difficult to report every payment to employees at the time of payment, may send information to HMRC by the date of their regular payroll run but no later than the end of the tax month (5th).

HMRC plan to continue working with employer representatives during the summer to assess and understand the impact of RTI on the smallest businesses and consider whether they can make improvements to real time reporting which will address their concerns without compromising the benefits of RTI or the success of the Department for Work & Pension's Universal Credit.

Additionally and as previously reported back in November 2012 on the seven day easement in respect of on or before, in the regulations published on 15th March, you will see a further relaxation on the reporting of earnings for casuals.

The previously announced easement required PAYE information to be reported by the earliest of seven days or the next scheduled payday. HMRC has now removed the reference to 'next scheduled pay day', as a result of this amendment, so PAYE information now has to be reported within the next seven days.

When payments are made non-electronically (for example cash or cheque) to employees for work done on the day of payment, employers will have to report the PAYE information within the next seven days.

***CIPP comment**:*
The CIPP supports this announcement and welcomes the opportunity to work with HMRC and the DWP on how we can help the SME to adjust their processes to comply with RTI. It is important to note that where payroll software is being used, it will create a file each time the payroll is run, so this relaxation is aimed at those who do not use software, or perhaps are used to sending information in batches to an agent. The CIPP would encourage all employers to implement RTI where using payroll software and or have processes in place already to submit information on or before the employees are paid.

RTI STARTER GUIDANCE UPDATE

2 April 2013

HMRC has published a brief update to starter guidance in advance of 6 April where all relevant PAYE guidance for employers will be updated to reflect the go-live of real time information.

The aim of this update to starter guidance is to help increase accuracy for individuals with a P45 **and** more than one job. In such cases, instead of selecting statement C (from the starter declaration) and operating code BR, the employer should select statement B (within their software) and operate the tax code on the P45 - unless the tax code on the P45 is BR, 0T or D prefix - in which case statement C would still apply.

Individuals without a P45, or with an old P45, will continue to complete the starter declaration to confirm their employment situation.

The full guidance on the starter process will be updated and available from **6 April 2013** in HMRC's guide Notifying and getting new employee information right

HMRC acknowledge that the starter process guidance had gone through several iterations, in some instances after payroll software upgrades have been issued and so, for 2013-14 have stated that they will accept situations arising where payroll software reflects an earlier iteration that does not follow this new process.

HMRC PUBLISHES NEW GUIDANCE FOR REAL TIME INFORMATION

9 April 2013

In the run up to the launch of Real Time Information on Saturday, HMRC has been publishing updated guidance for employers. However, last minute changes meant that some elements of guidance were not available in advance.

HMRC has now published additional guidance covering starter declarations and how employers and CIS contractors should pay HMRC.

Real Time Information: starter declarations from 6 April 2013
HM Revenue & Customs has amended the guidance on the PAYE starter process to reflect customer feedback on **starter declarations**, to help increase accuracy for individuals with a P45 and more than one job.

In such cases, instead of selecting statement C and operating tax code BR, the employer should select statement B and operate the tax code on the P45 - unless the tax code on the P45 is BR, 0T or D prefix - in which case statement C would still apply.
Individuals without a P45, or with an old P45, will continue to complete the starter declaration to confirm their employment situation.

This is effective from 6 April 2013.
You can read the full guidance on employees starting by following the link below.
Employee starting

Changes to how employers and CIS contractors pay HMRC
From 6 April how employers pay PAYE, Class 1 National Insurance contributions, Construction Industry Scheme (CIS) or Student Loan deductions to HM Revenue & Customs (HMRC) is changing.

Change of bank account details
From the 2013-14 tax year all employers will make their payments into a single HMRC bank account. This change only affects employers who currently make payments into HMRC's Shipley bank account by Bacs Direct Credit, Faster Payments by online/telephone banking and CHAPS. Employers using the Government Banking Service (GBS)are not affected by this change.

From month 1 of the 2013-14 tax year all employers should pay to HMRC's Cumbernauld bank account.

PAYE payments for the tax year 2012-13 and earlier are not affected by this change.
If you have previously paid into HMRC's Shipley account please make sure you update any templates or instructions you have with your bank.
Find out the correct bank account details

End of year payments

Previously employers used month 13 to make any balancing end of year payments for PAYE, Class 1 National Insurance contributions, CIS or Student Loan deductions to HMRC. Any balancing end of year payments from 2012-13 onwards should now be paid to HMRC using month 12.
You should now only use month 13 to pay any Class 1A National Insurance owed on your P11D (b).
Check your reference for PAYE/Class 1 NIC or Class 1A NIC

You can find general guidance on preparing to operate PAYE in real time on HMRC's website.

HMRC ISSUES HELPBOOK EXPLAINING HOW TO USE BPT TO SUBMIT AN EPS

16 April 2013

HMRC has published guidance on how to use their Basic PAYE Tools (BPT) to perform the Employer Payment Summary (EPS).

Not all commercial payroll software products have the functionality to submit an EPS. BPT can be used by those employers whose payroll software does not include this facility. Even the very largest employers will be able to use the BPT to submit an EPS should they need to do so.

REAL TIME INFORMATION AND NATIONAL INSURANCE NUMBER VERIFICATION REQUESTS (NVRS)

15 April 2013

HM Revenue & Customs (HMRC) has received a number of queries from employers and employees about verifying or obtaining National Insurance numbers for the purposes of reporting PAYE in real time.

Firstly, employers are receiving rejections for National Insurance number Verification Requests (NVRs). These rejections are correct and are being made because the employer is sending the request before they have made their first Full Payment Submission (FPS). HMRC's guidance Making sure you use the correct National Insurance number clarifies this - 'You cannot send an NVR until you have started to send PAYE information in real time - wait two weeks after sending your first FPS before sending an NVR.'

Secondly, HMRC has been receiving calls from employees who have been told that their employer insists that all employees must have a National Insurance number for when they submit their real time information (or RTI) returns.

Whilst HMRC wants employers to provide correct National Insurance numbers for their employers in their PAYE submissions wherever possible, there will be occasions where a National Insurance number isn't available (for instance, when an employee is under 16 years old).

In these cases the guidance in 'Making sure you use the correct National Insurance number' is clear that 'You must leave the National Insurance number field blank for that employee. You must not use an incorrect or 'dummy' National Insurance number.'
What is essential is that, when a National Insurance number forms part of a real time PAYE submission, it is correct.

HMRC PILOT EMPLOYER MONTHLY SUPPLEMENTARY UPDATE: APRIL 2013

19 April 2013

HMRC has produced a supplementary update for RTI Pilot employers who find themselves in a position where they need to use the Basic PAYE Tools (BPT) to submit an Earlier Year Update (EYU).

Most employers will find that their commercial payroll software contains this EYU functionality – if so then this update is not aimed at you. This update instead is aimed at employers whose payroll software does not include EYU functionality in which case these employers may choose to use BPT to submit an EYU.

If a Full Payment Submission (FPS) or Employer Payment Summary (EPS) has not been submitted with the 'Final submission for Year' indicator set by the 19th April 2013 (for the 2012-13 tax year) an EYU will need to be submitted and must be received by HMRC by 19 May 2013.

The Pilot Employer Monthly supplementary update can be read in full at the HMRC website.

SENDING YOUR FIRST ALIGNMENT SUBMISSION

25 April 2013

Although many members have already aligned their data with HMRC and have already submitted their first returns, for others this will be happening in the next few days.

A number of members have contacted us alerting us to difficulties they are having when sending Employer Alignment Submissions (EAS) in parts.

HMRC would prefer employers to submit a single EAS to include all employees (employments) in the PAYE scheme, however, following feedback from employers and other stakeholders, they have allowed the submission of the EAS in parts where the PAYE scheme is 'split', for example, an employer runs separate weekly and monthly returns or runs their staff payroll in house and use a bureau for their directors' pay under the same PAYE scheme.

If you do need to send your EAS in parts you may find the following information helpful:

- Employers submitting the EAS in parts are required to indicate on the first EAS submission the number of parts to be submitted.
- For each submission the employer must use a unique part identifier to distinguish the parts, for example 'one', 'two' and 'three'.
- The system is designed to trigger processing when all the parts have been received for example, if three parts are notified; processing is triggered on receipt of the third EAS.
- If the employer finds out that they need to send a further part for example, they submitted 3 of 4 and realise they have got five parts to submit, they must indicate on the next part (the 4th) that the number of expected parts is now "5".
- If the employer submitted all parts of the original expected number e.g. 4 of 4 and then realised that they have another part, this cannot be submitted as any further EAS received will be ignored.
- Any employees whose records were not successfully submitted on an EAS will need to be reported in full on the first FPS submission.

- The EAS must include any leaver and starter information where the employee has started or left employment in the current tax year.

- You must not submit an FPS for part of your payroll if you have not submitted the corresponding EAS.

REGISTERING AN ANNUAL SCHEME WITH HMRC

24 April 2013

We have heard from members about some problems that have been encountered when attempting to register an annual scheme with HMRC. HMRC are aware of this issue and a fix will be implemented on 17 May 2013. In the meantime guidance has been produced to assist employers who have encountered delays.

Guidance on HMRC's website explains how to register an annual scheme. It goes on to say that employers who have registered annual schemes with HMRC do not need to submit nil EPS for the eleven months during which no-one is paid. However, we are hearing from members who have tried to follow this guidance and encountered problems.

We have raised this with HMRC who has confirmed that the process is working as intended for schemes already registered as annual, but there is an issue with the registration process which was communicated to HMRC contact centres on 16 April. A fix will be implemented on 17 May.

In the meantime the following guidance should be followed:

- If the annual payment month falls between June 2013 and March 2014 then employers and agents have two options until the fix is implemented:
    - either register the scheme and complete an EPS showing a period of inactivity, then contact HMRC after 17 May to get the scheme changed to annual status, or
    - if the PAYE scheme does not exist then hold off from registering it until after 17 May.
- If the annual payment month is April or May, register the scheme, submit the FPS for payments made in April or May and a nil EPS for the other month.

HMRC has kept a record of the employers/agents who have already contacted it to record the request to change to an annual scheme and will action these cases once the fix is implemented.

HMRC has also noticed an increase in the number of employers/agents requesting that schemes are registered as annual schemes. However, some of these requests do not meet the requirements for an annual scheme. Remember that an annual scheme is one where:

- All the employees are paid annually
- All the employees are paid on the same date, and
- The employer is only required to pay HMRC annually (ignore Class 1A NIC).

If the payment month is changed, then the full payment summary (FPS) should be completed for the new month in which the payment is made to the employee(s) and the annual payer details completed and HMRC's systems will automatically change the annual date to the new month.

NUMBER OF PAYE SCHEMES REPORTING IN REAL TIME REACHES 1 MILLION

2 May 2013

HMRC has published news that one million PAYE schemes have now begun to submit PAYE information in real time.

Ruth Owen, HMRC's Director General Personal Tax, said:

"RTI is bringing PAYE into the 21st century, and it is amazing that we have reached the one million mark in less than a month. This is at the top end of our expectations. However, we're not complacent and are carefully monitoring submissions, but so far things are going well.

"We have had lots of feedback from many employers saying that RTI is easy to use. We know it will take time before all employers adapt to RTI, but any who haven't started reporting in real time should do so quickly. All the help they need is on HMRC's website."

The CIPP had no doubts at all that the payroll industry would pull out all of the stops to ensure that the migration to real time would go as smoothly as possible for our employers and whilst it is still early days in this "year of transition" we are pleased that so few problems have been encountered so far. Well done to the many, many individuals working in all areas of our industry that have worked, and continue to work, so hard to ensure the success of this project.

There is still work to do and answers to be provided before we can sit back and truly say "job done - business as normal" but what an encouraging start! Let us hope that the roll out of Universal Credits can claim the same success going forward…..

CIPP are still running a ½ day RTI course aimed at ensuring that delegates go away from it:

- Fully conversant with the changes affecting payroll and the timescale for the change
- Understand the processes required in operating RTI and the necessary procedures for retrospective corrections RTI for those employers wanting to ensure they are totally on the ball!

PAYING HMRC CORRECTLY IN REAL TIME

17 May 2013

It's hard to believe but already we are approaching the payment deadlines for tax month one. In view of this HMRC has published an update on how to ensure you continue to pay the correct amounts.

The update reminds us, if a reminder is needed, that due dates for payment remain unchanged.

Cheque payments need to be received by HMRC by the 19th of the month following the end of the tax month of deduction, and cleared electronic payments by the 22nd. This means if you pay monthly, HMRC should receive the PAYE you deducted between 6 April and 5 May 2013 by 19 or 22 May 2013 depending on your method of payment.

To calculate the payment in full you must include:

- the total amount shown on your Full Payment Submission(s) (FPS) for a tax month, including any corrections or adjustments submitted on or before the 19th of the following month
- less the amount shown on any Employer Payment Summary (EPS), also submitted on or before the 19th of the following month

So, for example, the payment due from you for the month of April (the period between 6 April and 5 May 2013) will consist of your FPS, any amendments to those, plus any EPS, received by 19 May 2013. Amended FPS and EPS received after this date will be taken into account in your charge for the following month.

You should also use an EPS to notify HMRC that you have no FPS to send as, without it, they will instead calculate what they believe is due **and expect you to pay it in full!**

It is important you pay using the right payslip or, if paying electronically, you use the right reference number.

You need to pay using your 13 character Accounts Office reference - for example 123PA00012345 - and adding to the end the tax year ending and month number your payment relates to. So, to pay 2013-14 month 01 you would add 1401 making your reference 123PA000123451401.

If you don't give the right reference number you could be contacted unnecessarily about an apparent debt because your payment has been delayed.

Full details of the Paying HMRC update can be found at the HMRC website.

TAX CODES BEING ISSUED IN REAL TIME?

21 May 2013

The CIPP has recently received reports from members who have been issued incorrect tax codes for some employees which omit benefits that were previously (correctly) taken account of. HMRC has now issued an update which explains why these incorrect tax codes appear to have been issued to employers and what action should be taken if you are affected by this issue.

HMRC has issued information which advises employers on how to go about correcting this problem and for employers who have yet to submit and Employer Alignment Submission (EAS) to be aware that they should ensure that they send HMRC details of all employees on their payroll, or, if they are sending their EAS in parts, indicate how many parts they will be sending.

Where an employer:

- has submitted only part of their employee payroll on their Employer Alignment Submission (EAS) and subsequently includes the remainder of their employees on a subsequent Full Payment Submission (FPS), **or**
- submits their EAS in parts, but does not indicate on the first EAS that they will be submitting in parts, HMRC treats the first part as the full alignment submission, **or**
- an employer uses their first FPS to align (rather than an EAS) and does not include all employments on that first FPS

Once alignment is complete, any live employments not included by the employer will be ceased with a date of leaving of 5 April 2013.

HMRC has investigated this issue and have identified that in all the examples that have been seen, when the employer sends a subsequent FPS, HMRC will create a new employment. This new employment record will not contain any previously reported benefits for the individual employee's tax code and therefore the tax code that will be issued, for what appears to HMRC to be a new employment record, will be incorrect.

Employers should not operate the incorrect codes but instead should continue to use the previous code.

If you or your employees happen to be unfortunate enough to be impacted by this and receive a tax code which has increased as a result of the benefits having been removed, you should contact HMRC's Taxes Helpline on 0845 300 0627 to get the benefits added back in.

LATEST HMRC MONTHLY UPDATE FOR EMPLOYERS ON THE RTI PILOT

31 May

HMRC has published the latest monthly update for employers who took part in the RTI pilot during 2012-13.

It includes details of how to submit an Earlier Year Update for 2012-13 using the latest version of Basic Paye Tools as well as a reminder that forms P11D(b) will not be sent out to RTI pilot employers until 2 July.

As these forms need to be returned to HMRC by 19 July, you may prefer to download a form from HMRC's website rather than relying on the one coming through the post.

HMRC SEEKING TO EXTEND THE TEMPORARY RELAXATION

12 June 2013

HMRC has today announced that they are seeking to extend the temporary relaxation of the new reporting rules for businesses with fewer than 50 employees from October 2013 until April 2014.

HM Revenue & Customs has confirmed however that this relaxation will come to an end at this point. The extension means that businesses will not be required to change their approach halfway through the tax year.

The relaxation has meant that these businesses are still required to report through the new system, but are able to do so once a month, rather than each time they pay their employees. This gives small businesses that pay weekly (or more frequently), but who only run their payroll at the end of the month, some extra time to adjust to the new requirements.

From April 2014, all employers need to plan to be reporting in real time, but HMRC is continuing to work with businesses over the coming months to identify whether there are any specific circumstances with on-or-before reporting that it needs to cater for in the longer term.

PAYE information reported in real time is already being used by the Department for Work and Pensions (DWP) to calculate Universal Credit amounts paid to people in its pathfinder pilot in the north west of England, ensuring the amount of benefit accurately reflects their level of income.

Exchequer Secretary to the Treasury David Gauke said:

"*This is the biggest reform of PAYE since its introduction nearly 70 years ago and we are bringing the system into the 21st century. The transition is going well, and the vast majority of employers are now reporting their PAYE information in real time, meaning that HMRC's records are becoming more accurate and up-to-date. DWP is already using the new system to underpin its Universal Credit pilot, helping it to be more responsive to changes in claimants' income levels. This is all good news, but we will continue to listen to and work with businesses to ensure that all employers are reporting in real time by April 2014."*

HMRC's Director General for Personal Tax, Ruth Owen, said:

"The roll-out continues to exceed our expectations. I am delighted that 83 per cent of SMEs and 77 per cent of the smallest businesses are already on board. We will now write to the minority of employers who are not, to establish how we can help them meet the requirements of reporting in real time."

REAL TIME INFORMATION PILOT EMPLOYERS AND 2012-13 END OF YEAR PENALTIES

19 June 2013

HMRC has published clarification on the end of year penalty position under RTI.

HMRC will begin issuing penalty letters from Tuesday 25 June 2013 to those employers who have not submitted a final Full Payment Submission (FPS) or Employer Payment Summary (EPS) for 2012-13. These are the equivalent of 2012-13 end-of-year penalty notifications.

However, please note that, to ensure that employers who took part in the pilot are treated in the same way as non-pilot employers, penalties were applied from 19 May 2013.

Pilot employers who have yet to submit returns for 2012-13 should do so as soon as possible to prevent further penalties applying.
As the deadline of 19 April 2013 has passed for submitting a final FPS, pilot employers should instead submit an Earlier Year Update (EYU) to make their final 2012-13 report.

If there are any 2012-13 statutory payments to recover etc., employers also need to submit an EPS as the EYU won't pick up any recovery corrections that need making.

When completing this EPS, employers should ensure they complete and answer the end-of-year declarations and questions.

Full guidance can be found in the guide PAYE end-of-year tasks for real time pilot employers

INDEX LIST OF RTI PAGES ON HMRC WEBSITE

1 July 2013

As we all know, HMRC's website holds a huge amount of information, which can be time-consuming to navigate around.
Whilst this may be very useful for those new to payroll, or encountering a particular problem for the first time, it can be irritating for those familiar with HMRC's website, and who know the page they want, but just can't find it without endless clicks through the different layers of guidance. Those of you in this second category may find HMRC's index of RTI pages useful.

It does however come with a health warning. There may be occasions when guidance has moved and the link on the index no longer works. At the moment there is no intention to keep this index updated, however along with other stakeholder groups, we have urged HMRC to reconsider this policy. And of course, if you are encountering a situation for the first time, we would always recommend that you follow the routes through the usual HMRC web pages.

FORUM OF PRIVATE BUSINESS RESEARCH SUGGESTS THAT RTI IS RESPONSIBLE FOR RAISED EMPLOYER COMPLIANCE COSTS

9 July 2013

The Forum of Private Business (FPB) has published news of its recent research findings that point the finger at RTI for raised compliance costs.

The FPB, who last carried out research in 2011, have found that firms are paying 11% more to external providers of payroll and tax support compared with findings in 2011, which, the employer support organisation said, "*was most likely down to the introduction of Real Time Information"*

The Forum's policy adviser Robert Downes said:

"Our research shows little has changed in terms of what's costing small business the most for compliance costs. The stand-out surprise though has to be the huge increase in spend on external contractors.

"We believe this is largely down to RTI, and firms having to pay a payroll specialist to manage their employees' PAYE bills, but by contrast businesses are paying out slightly less on internal compliance managed in-house. The logic here seems to be to pay an expert to do a job they can no longer do themselves, for whatever reason that may be."

HMRC ISSUES UPDATED MESSAGES ABOUT RTI SUBMISSIONS

15 July 2013

HMRC has issued updated messages about reporting hours worked and about the PAYE filing and payment position for employers reporting PAYE in real time.

The first explains the importance of recording the correct number of hours employees normally work to help ensure that they receive the right amount of benefits and tax credits they are entitled to.

The second message is an update on HMRC's earlier messages about the PAYE filing and payment position for employers reporting PAYE in real time, as this month is also when:

- those who pay HMRC quarterly will make their first payment of the year
- any Class 1A National Insurance contributions (NICs) payment for 2012-13 is due

HMRC PUBLISHES REPORT SUMMARISING THE FINDINGS FROM HMRC'S REAL TIME INFORMATION PILOT.

19 July 2013

The RTI pilot started in April 2012 with a small group of volunteer employers and increased in three stages up to March 2013 by which time over 6 million individual records were being reported in real time. This enabled HMRC to fully test the RTI process, prior to full roll out, by identifying and resolving problems, and anticipating risks and issues.

The report summarises the findings from the pilot by explaining the background and summarising the tangible benefits that crystallised as the pilot progressed.

RESEARCH UNDERTAKEN TO HELP HMRC PREPARE FOR RTI IS PUBLISHED

22 July 2013

HMRC has published the results of a series of research exercises undertaken by its Analysis department to aid and inform the introduction of Real Time Information.

There are four reports published in this series.

No. 268 - Care and Support Employers: forms and guidance testing
This research was designed to ensure RTI forms and guidance for care and support employers was clear and user friendly, and to inform HMRC's approach to communicating with these employers.

No. 267 - RTI Agent Awareness tracking report
This research tracked agents' awareness and preparation for RTI.

No. 266 - RTI Employers Compliance Research Quantitative report
This research tested specific components of the penalty regime to help develop a compliance strategy for RTI.

No. 265 - RTI February Call to Action Letter testing report
This research tested the content and effectiveness of a letter and insert sent in February 2013 to employers as a final call to action.

No. 264 - PAYE Real Time Information Pilot Customer Experience report
This research tracked employers taking part in the Real Time Information pilot to monitor their customer experience and provide indications of the likely costs and benefits of RTI.

HARVEST CASUALS AND REPORTING PAYE IN REAL TIME

22 July 2013

HMRC are aware that some employers are having difficulties reporting in real time the PAYE payments they are making to harvest casuals.

Whilst HMRC are discussing these difficulties with employers and their representative bodies to gain a better understanding of the problems being faced, in the meantime, employers of harvest casuals who pay someone for more than one day but less than two weeks should note that they can report payments to a particular employee on a weekly basis provided that:

- Each individual payment is below the Lower Earning Limit (LEL) of £109. Employers should report any payments above the LEL separately.
- The weekly Full Payment Submission (FPS) report is made within the seven day period allowed for the earliest payment (the seven day period begins on the day after the day on which the earliest payment is made).
- For reporting purposes, the harvest casual is treated as starting on the date of the first payment and treated as leaving on the date of the last payment covered by the FPS.

HMRC has updated their harvest casuals and casual beaters guidance accordingly. This also provides further information on how to report National Insurance contributions where earnings exceed the LEL.

If an employer of harvest casuals has fewer than 50 employees (including any harvest casuals themselves) and finds it difficult to report all payments at the time of making them, they can use the temporary PAYE reporting relaxation during 2013-14 and report on a monthly basis. Please note this relaxation will not be extended beyond 5 April 2014.

HMRC urges employers to review their payroll and real time reporting processes now during this transitional year. This should mean that they are in the best possible position before April 2014 when late payment and late filing penalties will come into force, and before the temporary PAYE reporting relaxation expires.

HMRC CLARIFIES MESSAGE ON RTI REPORTING OF HOURS WORKED

29 July 2013

Following concerns raised by the CIPP, HMRC has now revised the message they issued recently about the need for accurate reporting of hours worked.

The original message suggested that employers should record the actual hours worked by employees, however this has now been clarified to indicate that it is the number of hours normally worked. HMRC go on to explain that option D should only be selected if the employee does not have a regular pattern of employment or the payment relates to an occupational pension or annuity. Otherwise, hours worked should be recorded as follows:

A Up to 15.99 hours
B 16 to 29.99 hours
C 30 hours or more

If you have selected 'D other' in earlier submissions but should instead have selected one of the other options, you do not need to resubmit an earlier Full Payment Submission (FPS). Instead, please ensure that you report the correct hours on your next FPS.

REVISIONS TO HMRC'S RTI PILOT DOCUMENT - UPDATE

31 July 2013

Earlier this month we published HMRC's report published HMRC's report summarising the findings from the RTI pilot. In the last few days there have been articles in the press criticising HMRC and suggesting that the final report had been altered from its original draft.

The CIPP Policy team have sought clarification from HMRC, who have confirmed that they have amended the first edition of their report as it was felt that a revision, to what was initially a final report, was needed to take account of the feedback from the developer community and to more accurately reflect the findings.

We are encouraged that HMRC continue to respond positively to constructive comments from all stakeholders.

Thank you to CIPP members for raising this issue and seeking clarification through the CIPP Policy & Research Team.

REAL TIME INFORMATION – RECONCILING PAYE CHARGES

13 August 2013

HMRC has published a message regarding RTI reconciliation issues.

We have received feedback that some PAYE schemes have experienced difficulties in reconciling the difference between:

- the tax we say is due, and
- the tax they think is due

We have set up a dedicated team to identify the cause of these discrepancies.
The team is working with a number of PAYE schemes to work through their examples to examine what is causing these discrepancies, and then to resolve them.

This will also enable us to:

- understand the issue in greater depth, and

- take the steps necessary to prevent them arising in the first place

Each time we identify a root cause we will update our guidance, where appropriate, as soon as possible. We have already updated the View your current PAYE payment and submission position section of our guidance for employers using HMRC's PAYE Online, to make it clearer when we update this information, and what information will be available at any given time.

TAX CODE ISSUES

15 August 2013

HMRC has been investigating a number of issues reported by some CIPP members.

After investigation it was found a number of duplicate employments had been created for various reasons. HMRC is confident these are not systematic failures but more from a processing failure. These process failures are again due to many different circumstances such as fractured employments, some FPS inaccuracies etc. HMRC has corrected those they believe have been affected and are hopeful the bulk of tax code issues either have or will be resolved very shortly.

If you do have a concern over one of your employee's tax codes there is a specific helpline for which some of the CIPP members have used and found very helpful. The number is 0300 200 3300.

RECONCILIATION ISSUES

15 August 2013

HMRC has been investigating a number of issues reported by some CIPP members. Emerging findings have yet to reveal any significant issues but work will continue into these cases to flush out the causes. HMRC is also investigating the issues reported involving the transposing of figures on the Dashboard including the negative figures being reported. In the meantime HMRC has asked that we reiterate the EPS process. Below is an example of how the EPS should work, when it needs submitted and the consequences of not adhering to this guidance.

- Full Payment Submission (FPS) submitted for employees paid on 31 May (month 2) on 31 May 2013;
- The EPS relating to this FPS must be submitted to HMRC for month 2 on or before 19 June 2013;

HMRC systems look at the "Charge" (payment due) on 6 June 2013 based on the FPS and or EPS data submitted by this date for month 2. However if there is no EPS then the Dashboard viewer will be updated after 6 June with the known figures. HMRC then carries out another calculation for month 2 on 19 June 2013. The Dashboard (L&P) viewer is then updated after 20 June. If the EPS for month 2 is not received by 19 June then any submission after that is a credit against month 3. If the EPS for month 2 is submitted before 19 May it is a credit against month 1.

Based on the above example if an employer chooses to submit the FPS and EPS on 31 May 2013 then the system will still assume month 2 as it is after 20 May so there should still not be an issue. The key message is to ensure your EPS for the tax month in which it relates is submitted before 19th of the following month. HMRC have said when they have looked into EPS submissions a number of them have been after 19th of the month meaning the viewer is not correct according to the employer.

Please do keep policy informed of any issues you have. Thank you.

REAL TIME INFORMATION – ANNUAL AMOUNT OF OCCUPATIONAL PENSION FIELD

15 August 2013

HMRC has published details on correctly completing this field on a Full Payment Submission (FPS).

Real Time Information - Annual Amount of Occupational Pension field

HM Revenue & Customs have seen a small number of cases where no occupational pension is being paid and employers have entered 0.00 in the Annual Amount of Occupation field on their Full Payment Submission (FPS).

Entering 0.00 in this field indicates that an occupational pension is in payment, but the payment is nil. This could have a knock-on effect.

We know which PAYE schemes are affected by this issue and will correct those cases internally by the end of August. Those employers do not need to contact us in the meantime. If employers are not paying an occupational pension, they should leave this field blank and not enter 0.00.

REAL TIME INFORMATION – ANNUAL AMOUNT OF OCCUPATIONAL PENSION FIELD

19 August 2013

A few days ago HMRC published details on correctly completing the annual amount of occupational pension field on a Full Payment Submission (FPS). These details have since been updated.

HMRC's updated version reads as follows:

Real Time information - completing the Annual Amount of Occupational Pension field

HM Revenue & Customs have seen a small number of cases where no occupational pension is being paid and employers have entered 0.00 in the Annual Amount of Occupation field on their Full Payment Submission (FPS).

Entering 0.00 in this field indicates that an occupational pension is in payment, but the payment is nil. This could have a knock-on effect.

If employers are not paying an occupational pension, they should leave this field blank and not enter 0.00.

Entering 0.00 in this field sets the occupational pension indicator on our records incorrectly. It has a knock-on impact for employees with student loan deductions, as it prompts an automated notification to the Student Loan Company from HMRC advising that an occupational pension being paid. This may result in the cessation of any further student loan deductions.

HMRC has strengthened guidance, intends to correct those cases affected by the end of August 2013 and plans to enhance IT systems to prevent this occurring in the future. Those employers affected do not need to contact HMRC in the meantime.

What payroll information to report

Information you must get right when running your payroll

REAL TIME INFORMATION – ON OR BEFORE REPORTING SURVEY

21 August 2013

Following the introduction of real time reporting of PAYE information in April this year, HMRC have launched an online survey to learn more about how employers and agents are finding the obligation to report PAYE information 'on or before' employees are paid.

HMRC will use the information to help assess the impact of these reporting changes and inform the discussion about whether any changes are needed to the new reporting rules.

This is your chance to have your say, so we would strongly encourage you to complete their survey which should only take 10 minutes to complete. The survey closes on 13 September.

The survey is hosted by an external company called Survey Monkey and all answers are entirely confidential – so please be totally honest in your responses.

Finally, HMRC have asked us to pass on their thanks to all our members for your hard work in making real time reporting a success.

Real time information: On or before survey deadline extended

30 August 2013

Following a number of requests from employers and stakeholders, HMRC has extended the closing date of their' on or before' survey to 20 September to ensure the maximum number of employers and agents have the opportunity to take part.

Following the introduction of real time reporting of PAYE information in April this year, HMRC has launched an online survey to learn more about how employers and agents are finding the obligation to report PAYE information 'on or before' employees are paid.

HMRC will use the information to help assess the impact of these reporting changes and inform the discussion about whether any changes are needed to the new reporting rules.

This is your chance to have your say, so we would strongly encourage you to complete their survey which should only take 10 minutes to complete.

Known real time information issue affecting student loan borrowers

30 August 2013

A small number of student loan borrowers' employments have been incorrectly ceased on HMRC's systems, leading to employee queries regarding correspondence from the Student Loans Company.

HMRC has published the following message on their website:

Employers should be aware that:

A very small number of borrowers' employments have been incorrectly 'ceased' on HM Revenue & Customs (HMRC's) PAYE systems.

This has prompted HMRC's systems to automatically inform the Student Loans Company (SLC) that those individuals had left their employment.

As a result, SLC have issued letters to these borrowers, querying their employment status. Employees affected by this issue are being asked to respond to the SLC saying they have not ceased or changed employer.

HMRC are now in the process of correcting their systems, and are due to complete this within the next few weeks. There is an issue getting this corrected information on to the student loans system and HMRC are taking active steps to rectify this.

If you suspect that this issue has affected any of your employees, please ask them to follow the instructions above.

Letters to employers who have not started reporting PAYE in real time

4 September 2013

From the beginning of September, HMRC will write to around 120,000 employers who should be reporting PAYE in real time, but who have not started yet.

HMRC has issued a briefing note explaining that the vast majority, (more than 1.6 million) of employers have started reporting in real time but there are still a very small number who have yet to start or who need to close schemes that are no longer operating.

From the beginning of September, HMRC will write to around 120,000 employers who should be reporting PAYE in real time, but who have not started yet.

Points to note

- Employers who have already missed a deadline for reporting PAYE information also received a letter in June.
- HMRC is not writing to employers who have registered their PAYE scheme as an annual scheme.

The letter that will be sent out sets out the changes and explains to employers that they have missed a PAYE reporting deadline and need to start reporting now. It also explains that they need to contact us straightaway if their PAYE scheme is closed or is no longer operating.

The letter directs them to hmrc.gov.uk/actnow for more help and information.

If employers or agents (on behalf of their clients) have set up PAYE schemes that have never been used – or have schemes which are now ceased – you need to call HMRC to close the scheme. (The Employer Helpline tends to be less busy Tuesday – Thursday so HMRC recommend that you call mid-week if you can).

Agents who have clients with active PAYE schemes and who have not started reporting in real time should help their clients to start reporting immediately.

HMRC believes many of these schemes can be closed because they don't have any employees linked to them. However, it is important to note that there are some employers who are required to operate a PAYE scheme for expenses and benefits. In this case, employers should either submit a nil EPS each month or contact HMRC to change the scheme to annual and then send them a nil-EPS once a year.

Real time information letters for missing deadline

6 September 2013

We reported in CIPP news on 4 September that HMRC would be sending out letters to all employers who should be reporting in real time but have not yet started. HMRC has today issued a press release.

More than 1.6 million employer PAYE schemes, covering over 40 million individual records, are already reporting in real time since the launch of new reporting requirements in April, and any employers who have failed to follow the new process have been urged to act now by HM Revenue and Customs (HMRC).

Employers or agents (acting on behalf of their clients) who have set up unused PAYE schemes should contact HMRC to close them.

This month, around 167,000 employers who have missed one or more deadlines for reporting PAYE will receive a letter. Employers need to act now and start reporting in real time. If employers have not reported because they don't pay anyone, the PAYE scheme has closed or it is no longer operating, they still need to let HMRC know by calling our Employer Helpline. More information can be found here.

Universal credit early progress report from the National Audit Office

6 September 2013

The National Audit Office (NAO) has published its first report on the progress of Universal Credit and has concluded that the Department for Work and Pensions (DWP) has not achieved value for money in its early implementation.

The NAO said that the report - Universal Credit: early progress - determines that the Department was overly ambitious in both the timetable and scope of the programme. The Department took risks to try to meet the short timescale and used a new project management approach which it had never before used on a programme of this size and complexity. It was unable to explain how it originally decided on its ambitious plans or evaluated their feasibility.

Given the tight timescale, unfamiliar project management approach and lack of a detailed plan, it was critical that the Department should have good progress information and effective controls. In practice the Department did not have any adequate measures of progress.

Amyas Morse, head of the National Audit Office, said the following:

"The Department's plans for Universal Credit were driven by an ambitious timescale, and this led to the adoption of a systems development approach new to the Department. The relatively high risk trajectory was not, however, matched by an appropriate management approach. Instead, the programme suffered from weak management, ineffective control and poor governance. Universal Credit could well go on to achieve considerable benefits if the Department learns from these early setbacks and puts realistic plans and strong discipline in place for its future roll-out."

In response to the NAO report, a DWP spokesperson said:

"Universal Credit is a vital reform that will ensure we have a welfare system that means people are always better off in work than on benefits and we are a country that truly backs those who work hard and want to get on.

We are committed to delivering Universal Credit on time by 2017 and within budget, and under new leadership we have a plan in place that is achievable.

The report does not cover the significant developments we've made since April including the go live in Greater Manchester, our progress on the IT challenge, the latest plans for

expansion from October, or the fact that we brought in 2 of the country's leading project management experts to lead Universal Credit.

The National Audit Office itself concludes that Universal Credit can go on to achieve considerable benefits for society."

CIPP comment
As many of you will have heard, Ian Duncan-Smith has said lots of changes have been made since the NAO conducted their research into Universal Credits, not least new project management. This is encouraging as many members know RTI is fundamental to Universal Credits working properly.
After many employers have experienced increased costs due to a number of reasons, and the current reconciliation issues it would be most disappointing if the Universal Credits policy was to change significantly.
The issue of submitting data "on or before" is still an issue for many small employers and it is of great concern to the CIPP policy team to learn that not only have the IT systems had problems, but that the policy on how Universal Credits will work wasn't ironed out. If this is the case how then did the DWP insist on employers submitting data more frequently than once a month? A question the team will be asking via the many forums we attend.
Do you have any comments for the policy team? Please do contact policy if you do.

Real time information – EXAM or ELECT scheme employers

17 September 2013

The Commissioners for HMRC have made a direction requiring EXAM or ELECT scheme employers to report PAYE information in real time from April 2014.

The direction states:

Any employer who is at the date of this Direction an excluded employer is required to deliver to HMRC returns under regulation 67B of the PAYE Regulations with effect from 6th April 2014.

To read the direction in full, follow the link below.

Requirement to report PAYE in real time from April 2014: Direction for employers

HMRC confirm real time information extension for smaller businesses

19 September 2013

HMRC has published the Statutory Instruments which confirm the extension to the temporary relaxation of the reporting rules for businesses with fewer than 50 employees.

As previously reported, following feedback from stakeholders, HMRC said they would seek to extend the reporting relaxation for smaller businesses to 5 April 2014 to tie in with the full tax year.

Statutory Instrument: SI 2013/2301 - The Social Security (Contributions) (Amendment No. 4) Regulations 2013 - updated regulations for reporting PAYE information in real time will come into force on 6 October 2013.

Statutory Instrument: SI 2013/2300 - The Income Tax (Pay As You Earn) (Amendment No. 2) Regulations 2013 - updated regulations for reporting PAYE information in real time will come into force on 6 October 2013.

HMRC has also published the following on their What's New web pages:
HM Revenue & Customs (HMRC) recognise that some small employers who pay employees weekly, or more frequently, but only process their payroll monthly may need longer to adapt to reporting PAYE information in real time. HMRC have therefore agreed a relaxation of reporting arrangements for small businesses for a transitional period until April 2014.

This relaxation means that employers with fewer than 50 employees, who find it difficult to report every payment to employees at the time of payment, may send information to HMRC by the date of their regular payroll run but no later than the end of the tax month in which the payments are made (a tax month always ends on the 5th of a calendar month).

HMRC will continue to work with employer representatives to assess and understand the impact of RTI on the smallest businesses and consider whether they can make improvements to real time reporting which will address their concerns without compromising the benefits of RTI or the success of the Department for Work and Pension's Universal Credit.

Please see HMRC's guidance on exceptions to reporting PAYE information 'on or before' paying an employee.

Exceptions to reporting PAYE information 'on or before' paying an employee

CIOT real time information 'on or before' supplementary survey

24 September 2013

A number of members have commented that HMRC's RTI 'on or before' online survey did not provide enough space for additional comments to be made.

Consequently, the CIOT (Chartered Institute of Taxation) has launched a very short supplementary survey to enable individuals to explain the reasons for 'on or before' reporting problems and any suggestions about how to resolve these.

If you have encountered any problems with 'on or before' reporting or have found ways around potential difficulties please do complete their survey.

HMRC's 'on or before' survey has now closed and on their behalf thank you to all who took the time to contribute their views. HMRC will analyse the feedback received alongside other customer insight work and evidence and consider options, before making recommendations to Ministers in November.

For those members who contacted the CIPP policy team with their individual comments, the details have been passed on to HMRC.

Real time information: duplicated employments

2 October 2013

At the Student Loan consultation forum members raised concerns around duplicate employments.

As a reminder, employers can find guidance around new starters through this link - http://www.hmrc.gov.uk/payerti/employee-starting/new-emp-info.htm.

It is important to remember whether using commercial payroll software or Basic PAYE Tools, that employers don't put another start date on any FPS - including where employers haven't put a start date on their first FPS for the employee. If employers have incorrectly reported the

date an employee first started working for them, or the employer did not include the start date when they reported their first payment on an FPS, the employer should update their payroll records to reflect the correct start date. The employer must not, however, report the corrected or known start date on the next FPS to HMRC as this will result in a duplication of the employee's record on HMRC's systems and the possible issue of an incorrect code number.

Those operating payroll should check with their software provider on what and how the software will work with amended dates.

HMRC publish report on reconciling 2013-14 PAYE charges

27 September 2013

HMRC has published a report into the findings from an analysis of disputed PAYE charges.

On 12 August 2013 HMRC published Real Time Information - reconciling PAYE charges where they explained that they had received feedback that some PAYE schemes have experienced difficulties in reconciling the difference between the tax HMRC say is due, and the tax the customer thinks is due and that they had set up a dedicated team to identify the cause of these discrepancies.

This report sets out the team's findings from an analysis undertaken between July and September 2013.

Real Time Information and Exam and Elect scheme employers

1 October 2013

From today, HMRC will be sending letters to all those employers who are running Exam or Electoral schemes to tell them that from April 2014:

1. They must begin operating PAYE in real time and
2. They must begin operating standard PAYE

This applies to around 450 Exam scheme employers and approximately 50 Elect schemes and follows on from the publication of the Direction requiring Exam or Elect scheme employers to report PAYE information in real time from 6 April 2014.

Download Direction for Exam or Elect scheme employers to report PAYE information in real time from 6 April 2014

The letters explain what the employers will need to do to get ready to report and the changes that operating standard PAYE will bring.

Accompanying the letters are:

- A helpsheet for getting ready to report PAYE in real time; and
- A formal notice of HMRC's intention to terminate the current special PAYE operating arrangements for Electoral and Exam schemes. The notice also contains more information about HMRC's review of the current PAYE arrangements for these two schemes.

Real time information guidance updated

15 October 2013

HMRC has published updated guidance on charge calculation and paying HMRC.

Follow the links below to view the updated guidance.

PAYE/National Insurance payments and deadlines

Using HMRC's Business Tax Dashboard as an employer

HMRC meeting with CIPP members to explore the impact of Real Time Information

18 October 2013

HMRC's research programme in to the impact of RTI continues with a meeting between CIPP members and HMRC in London on 8 November.

This is planned as a small meeting to encourage discussion from all participants, so we are looking for around seven or eight CIPP members who will have the opportunity to help HMRC understand the challenges faced by employers and payroll bureaux as they prepared for, migrated to, and now send information through, RTI.

We know that for some members, especially payroll bureaux, meeting the "on or before" obligations has been particularly challenging, whilst for others there has been little impact. HMRC would like to hear from both employers and payroll bureaux about how you have overcome these challenges, or indeed if you are still searching for a solution. Similarly some members have told us that they have encountered no real problems with RTI, and in fact some have even said it has had a positive effect because it has made them examine their data and processes! Yet for others, it has been and continues to be, a huge burden which shows no sign of abating. HMRC would like to meet with CIPP members holding both these views.

HMRC would also like to meet with someone who was on the RTI pilot so they can understand the impact of the first end of year under the RTI regime.

If you have a view about the introduction of RTI, either positive or negative, and the effect it has had on you and would like to share your experiences in the meeting with HMRC this is your chance to directly have your say. Please email policy using *'RTI meeting with HMRC'* as your subject title.

HMRC Real Time Information pilot employer research

17 October 2013

HM Revenue & Customs (HMRC) has published the findings of their external research with employers in the PAYE Real Time Information (RTI) pilot and the impact RTI has had on their end-of-year activities.

The research findings are positive overall with pilot employers generally reporting a reduction of burden at end-of- year. This included reporting that they took less time at end-of-year with RTI having eliminated the most time-consuming parts of the old process.

A small proportion of the pilot employers interviewed (12%) said they found end-of-year more difficult than expected. This is not unexpected, given that this was the first time that employers undertook these tasks. The research also shows their confidence appears to be growing with experience of reporting under RTI.

HMRC will use this research, alongside other customer insight work, information gathered from the recent RTI survey as well as other relevant evidence to consider whether they need to make any targeted changes to the 'on or before' reporting rules from April 2014.

PAYE Real Time Information (RTI) pilot employer research

Real time information - movement of pensioners to new PAYE schemes

14 November 2013

HMRC has come across errors when a pensioner is moved from one PAYE reference to another that have led to the issue of incorrect codes and forms.

HMRC has published a reminder of the correct procedures to follow and some hints to help get it right.

Timing of the first Full Payment Submission (FPS) from the new scheme reference

You must ensure that the first FPS from the new PAYE scheme reference is submitted after the last FPS from the old reference has been sent. If you don't do this, HMRC will set up the new pension source as a secondary employment and may issue incorrect codes.

Start date

Make sure that the start date of the first FPS relates to the date that the pensioner joined the new scheme reference. If the start date used is the date that the pensioner started at the old scheme reference, this will wrongly create employments for earlier years at the new scheme reference.

Completing the 'Occupational Pension Bereavement' field

Only complete the 'Occupational Pension Bereavement' field on the first FPS from the new PAYE reference where the pensioner is a recently bereaved spouse or civil partner. If you complete this field when the pensioner was bereaved some time ago it will prompt HMRC to wrongly issue forms P161W to widows/widowers - these forms refer to a recent bereavement and may cause upset.

Unless the pension at the new scheme reference is being paid as a result of a recent bereavement at the time the pensioner joined the new scheme, the 'Occupational Pension Bereavement' field should not be completed.

There are more details about what you must put in the fields on an FPS in the guide 'What to report'.

Real time information secondary legislation consultation

2 December 2013

HMRC has published a consultation document asking for comments on the secondary legislation needed to make changes to the rules on Pay As You Earn, National Insurance contributions and the Construction Industry Scheme as they relate to Real Time Information.

The Policy team will be issuing a survey shortly to gather member comments.

Legislative changes relating to Real Time Information – draft secondary legislation

The consultation will run until 24 January 2014.

HMRC roll out a package of measures to help the micro employer with reporting 'on or before'

9 December 2013

HMRC have published an assessment on the impact of 'on or before' which provides the findings of research carried out since the introduction of (RTI) reporting along with news of a package of measures aimed at providing support to the micro employer.

The report Real Time Information: Assessment of impact of on or before reporting is to be found at GOV.UK and provides the survey findings and outcome of research that HMRC have carried out since the introduction of RTI, which saw the relaxation for small employers (with less than 50 employees), who were finding it difficult to adapt their pay processes to comply with the requirement to make their submissions 'on or before', to instead make their submission by no later than the last payday of the month or the end of the tax month (5th).

The assessment findings suggest that there are *"a significant minority of employers and agents who are struggling to adapt their processes so that they can report 'on or before' without incurring costs"*

As a result, following development work with DWP, employers, agent and payroll software representatives, HMRC have put together a package of measures aimed at helping the micro business. The package will include:

"Existing employers with nine or fewer employees ***who need more time to adapt*** *will be able to report PAYE information on or before the last payday in the tax month until April 2016."*

This relaxation is much narrower than the current relaxation which will continue to run until the end of the current tax year. All new employers who begin to operate PAYE after 6 April 2014, as well as existing employers with 10 or more employees, will need to report each time they pay their employees from April 2014.

HMRC have highlighted that this relaxation ideally shouldn't impact on employers who are not taking advantage of the current relaxation, therefore, all employers, regardless of their size, who are already using payroll software products or HMRC's Basic PAYE Tools to report PAYE on or before the date they pay their employees should continue to do so.

The package of measures being delivered by HMRC also includes:

- Improvements to the guidance ***Situations where employers will not have to report PAYE information 'on or before' the time they pay their employee***, which will include best practice scenarios
- ongoing work with the software industry to harness technology to develop new ways to report PAYE information on or before the date they pay their employees - for example, by exploring use of mobile apps.

CIPP comment

The CIPP is encouraged that HMRC continues to seek and respond to feedback from customers. Whilst for many, RTI submissions are working well, some employers and their agents have had difficulty adjusting to the change, especially due to some of the financial burdens reporting on or before has brought. We are however aware that in this year of transition we are yet to fully appreciate the impact of real time information and look forward to ongoing involvement in its development.

HMRC Generic Notices

20 December 2013

Some CIPP members have been telling us that they have been receiving Generic Notices from HMRC which appear to be incorrect. The Policy team have been collating these cases and passing the details on to HMRC for investigation.

We can now bring news of one particular scenario which is where a Generic Notice has been issued saying that an FPS has not been received, but in these cases an EPS has been sent before the 19th of the month, therefore no FPS is required.

The official HMRC response is at the end of this message, but essentially, the Generic Notices had been selected for issue based on details held on 6th of the month. This allows for those who have genuinely forgotten to submit an EPS to do so before the 19th thereby avoiding a penalty.

Following the feedback you have provided, HMRC now recognises the confusion this creates for those who have already submitted an EPS, especially for agents who have to explain these notices to their clients.

HMRC now intends reducing the amount of time between the selection of data and the issue of the notices. And from April 2014, it will be possible to submit EPSs during the current month, which should go a long way to alleviating this problem.

We have also suggested to HMRC that the wording of the Generic Notices be amended to avoid this type of confusion.

HMRC official response:

"Thanks very much for your email letting us know about these difficulties. You may know that we have been introducing our GNS messaging in a staged process and we think the short-term deferral in notices leaving the HMRC estate may have led to some confusion in some cases such as these.

The intention of the service is for the system to look at the filing position of each employer on the day after the tax month (6th) to check that we have received the number of returns that we expect. Where that expectation has not been met at that date, the purpose of the GNS is to warn the employer of a potential filing default - to allow them to bring their affairs up to date by filing an EPS if necessary by the 19th.

We haven't yet looked at the individual cases below, but the facts you have provided suggest that your clients filed an EPS between the time that the system recognised the apparent failure (6th) and the issue of the actual GNS (possibly 12th). In the future, this period will only be a matter of a day or so, which we anticipate will reduce considerably the scope for similar confusion.

To be clear for what will happen after April 2014, before penalty issue at the end of each quarter the system will look to check that each month that was previously recorded as being in default remains in default at the time of assessment. In these cases where a default has actually being rectified, a penalty charge will not be issued.

We hope this clarifies matters. We are grateful for your feedback as it shows that we need to improve our communications / messages in this area. We have already updated our advice for our contact centres. Please pass on our apologies to your clients for any confusion that this may have caused."

Further update on HMRC Generic Notices

23 December 2013

The CIPP Policy team has been contacted by several members regarding HMRC's issuing of Generic Notices advising late or non-filing of FPSs, or late payment, when in actual fact the payments had been made on time or the FPS have been correctly submitted on time.

Although the team have been in contact with HMRC already about this issue, we contacted them again today as the problem appears to have escalated and is now a considerable burden for some members.

HMRC has acknowledged that there are several circumstances which have resulted in the incorrect issue of these notices and have again highlighted the news item which explains what circumstances these are, as well as assuring us that these issues will be resolved before the penalty regime goes live. And again as I said earlier, we are still trying to establish if there are other situations which haven't yet been brought to light. We will let you know immediately if anything further arises. The CIPP is lobbying hard behind the scenes to push for a deferral on the planned penalty regime until we and the profession are confident that the systems are working.

However, HMRC have now recognised the burden these notices have caused for some, and have apologised for the inconvenience. What we are doing, along with other representative bodies, is working with HMRC to highlight and address any further issues to lessen the impact these will have in the future.

The full text of HMRC's response is as follows:

"Thank you for contacting us and taking the time to explain your concerns.

The aim of the new Generic Notification (GNS) service is to provide helpful messages for customers - alerting them that they may have failed to report or pay PAYE on time. Our intention is to warn employers as early as possible so that they have failed to meet their obligations so that they can review their systems or processes in plenty of time to avoid a potential in-year penalty from April 2014.

Unfortunately, there are instances where an employer may receive a GNS warning message even though they have filed correctly. For example, submissions made in advance will not be recognised when calculating the expected number of returns. The system also will not yet take account of situations where employers may be taking advantage of reporting concessions. These are anomalies and will be fixed before the in-year penalty regime goes live.

We let stakeholders and customers know about these scenarios in our related "What's New" announcements. With reference to cases that I understand may have caused particular confusion, I attach a link to the Non Filing announcement: http://www.hmrc.gov.uk/news/news101213.htm.

We recognise that some employers will not have seen our announcements and so may not realise that they could have received a GNS message, but need not do anything further. We would be very grateful for your support in asking your members to take the trouble to share our announcements with their clients where necessary.

I would like to apologise on behalf of HMRC for any inconvenience caused to your members or their clients by the introduction of our GNS service. I also recognise that delayed processing of some data items (such as cessation dates) may have led to the generation of some incorrect messages. However, we hope that these messages will provide a helpful prompt for employers in the future – giving them the chance to avoid unnecessary penalties."

Real Time Information: Help for micro employers - draft legislation

24 December 2013

Following the recent announcement detailing a package of help for micro employers HMRC is seeking views on draft legislation for the time-limited relaxation.

Following the announcement of 9 December 2013 detailing a package of help for micro employers as they move towards full reporting of PAYE information in real time, HMRC has published for external comment draft Statutory Instruments making amendments to the Income Tax (Pay As You Earn) Regulations 2003 (the 2003 Regulations) and The Social Security (Contributions) Regulations 2001 (the SSCR 2001) with accompanying Explanatory Memoranda.

This consultation will run until 24 January 2014.

The CIPP Policy team will review the draft Regulations and publish a survey early in January if deemed necessary.

Utilising RTI information in the collection of Student Loans?

10 January 2014

At last month's Collection of Student Loans consultation forum, the group were asked to consider ways in which RTI data could be used in the future to assist with the collection of student loan deductions.

Although it must be stated from the outset that this is simply a gathering together of suggestions, there is no guarantee that any ideas will be possible, nevertheless it is a good opportunity for us to suggest ways in which the data could be used in the future.

Ideas suggested already include:

- Sending information about deductions to SLC monthly rather than annually as at present; and
- Sending a prompt to the employer when the SL amount deducted is not in line with the income reported on the FPS.

If you have any ideas or suggestions in which the RTI data could be used to aid the collection of student loans please email policy and we will take your ideas forward to the next meeting in February.

Real time information penalty regime survey

13 January 2014

Please spare 3 minutes to give your views on the RTI penalty regime that is due to be enacted from April 2014.

As you know the new penalty regime in respect of real time information is due to come into force from April 2014.

The CIPP intend to respond to the consultation on the draft regulations and seek your feedback. This survey will take approximately 3 minutes to complete and we would very much welcome your support on this very important matter.

The survey will close at midnight, Monday 20 January to allow the team to write and submit the response to HMRC. Thank you in advance for your time and input.

HMRC's Business Tax Dashboard – month 5 information

8 January 2014

HMRC is aware of an ongoing IT issue that, in some cases, is preventing the Business Tax Dashboard from displaying up to date month 5 information for a relatively small number of employers.

For these employers the Employer Payment Summaries (EPS) data submitted for tax month 5 only (6 August 2013 to 5 September 2013) is not appearing on the dashboard.

In these instances, the dashboard will show:

- an incorrect position for month 5, but
- the correct figures for tax months 6, 7 and 8, and 'year to date'
- HMRC's internal systems show the correct position.

HMRC has investigated this matter and it appears that it will only affect employers who submitted EPS between 8 and 13 September 2013.

What happens now

You do not need to contact HMRC if you submitted an EPS between 6 August 2013 and 5 September 2013 and you think that the Business Tax Dashboard shows an incorrect PAYE position for month 5.

HMRC has details of all the cases affected and is working on correcting them. They hope to have made all these corrections, so that the Business Tax Dashboard shows the correct month 5 PAYE position, by mid-January 2014.

HMRC apologise for any inconvenience caused by this issue.

Looking ahead to April 2014 – reporting the use of relaxation for Micro employers

9 January 2014

We reported in December 2013 about the relaxation that will run from April 2014 until 2016 for micro employers who are still struggling to update their processes for RTI.

As the 2014-15 tax year will see the beginning of automatic penalties for late filing or non-filing in real time there would need to be, as you would expect, a system for accounting for times where an employer might be late in reporting PAYE information under RTI. HMRC had previously issued to software developers detail about the options available for reporting these cases - often referred to as data item 154.

As you might imagine, with news of the relaxation coming through in December there were questions as to how this relaxation would be accounted for within a previously declared and detailed data item 154.

Guidance has now been issued to software developers on the list of options and reasons for late reporting under data item 154 and the list now reads as follows:

- Value A: Notional payment: Payment to Expat by third party or overseas employer
- Value B: Notional payment: Employment related security
- Value C: Notional payment: Other
- Value D: Payment subject to Class 1 NICs but P11D/P9D for tax
- Value E: Micro Employer using temporary "on or before" relaxation
- Value F: No working sheet required; Impractical to report
- Value G: Reasonable excuse
- Value H: Correction to earlier submission.

The original list saw the reasons given in value F being split across both E & F, however for the Micro employer taking advantage of the relaxation, value E will be need to be selected when prompted within their software.

At this stage and in all likelihood your software developer may well have already designed their solutions for 2014-15 and this change may well require further updates. Be aware of this notification but no action will be needed by you at this stage as your software provider will contact you as and when they have updates to notify you of.

The aim of these options is to reduce the risk of incorrect notices or penalties being produced by HMRC and the CIPP continues to work alongside other stakeholders and with HMRC on the problems being experienced now. The CIPP continues to lobby for a delay in the penalty regime.

Looking ahead to April 2014 – SCON update for Software Developers

9 January 2014

You will be very much aware that as from April 2014 it will become mandatory to include the SCON (Scheme Contracted-Out Number), on the Full Payment Submission (FPS) where you have a Contracted Out Scheme and use the appropriate National Insurance letter; HMRC said absence of the SCON would result in the submission failing validation.

The software industry along with the CIPP and other interested stakeholders have lobbied hard against this proposal as the industry felt that the pension providers could provide this information much more readily. HMRC have had discussions with the CIPP and other software providers as to how they can ensure FPS submissions get through where the employer has tried very hard to obtain the SCON but to no avail. We are pleased to report that payroll software developers have been informed of a 'reserve plan' (and we use this term advisedly) in the event that the employer is unable to track down the SCON reference.

We would remind you that by now you should have made inroads to locate any missing SCON references where they exist. In the event you do still have records with missing SCONs you should make every effort to obtain them, which can be done by contacting your pension provider.

Guidance has been issued to the software community to inform them that in the unlikely event that a SCON remains missing as at 6 April, they will be able to utilise a standard BUT temporary number in the correct SCON format to ensure validation is achieved and a return is not rejected as a direct result of a missing SCON. This is not an ideal solution but as the requirement to include a SCON reference where categories D, E, L, N or O have been used, it is a compromise from HMRC on behalf of the payroll industry, which is welcomed by the CIPP.

Most if not all software will by now have been updated or will be in the process of being finalised for the approaching tax year and you will be anticipating news of your software release in accordance with your normal annual cycle of software updates. Be aware that

guidance at this late stage whilst welcomed will need to be worked through for solutions to be developed for each payroll software product.

HMRC guidance to software developers also suggests that where multiple SCONs are in operation for an employee there will only be space for a single SCON to be submitted. In this case HMRC guidance states that the most prominent number in use should be selected.

Be aware that it is highly likely that all software will by now have designed their solutions for this issue for 2014 and we are aware of at least one software product that will select a SCON on a random basis. We recommend that you spend time familiarising yourself with your software updates as they come through to you to know how your software works, in the event that this requirement impacts on your processes.

RTI guidance updated for mandatory SCON field

10 January 2014

HMRC has updated the RTI guidance section What payroll information to report, to reflect the SCON, where required, as a mandatory field.

The next issue of HMRC's Employer Bulletin is due to be published on 3 February and this will include information regarding the temporary SCON and where guidance can be located if you have more than one SCON to report.

PAYE details for 2013-14: tax month 8

21 January 2014

HMRC's Business Tax Dashboard is not showing the correct payment position for tax month 8 for some PAYE schemes.

HMRC has published the following information on their website:

HMRC's Business Tax Dashboard is not showing the correct payment position for tax month 8 for some PAYE schemes. Therefore, some customers may notice that payments made to HMRC between 21 November 2013 and 16 January 2014 are not showing correctly on the Dashboard. HMRC is currently investigating the number of records affected by this error.

This arose because of an IT change made to HMRC's systems on 21 November 2013 that was corrected on 16 January 2014 to stop any re-occurrence. HMRC wants to reassure employers that they will not be pursuing any apparent debt relating to this issue.

HMRC will be correcting the data for the affected schemes over the next few weeks, so if you believe that you are affected by this issue you do not need to contact them.

HMRC apologises for inconvenience caused by this issue.

The CIPP lobbies HMRC to delay RTI penalty regime

24 January 2014

The CIPP has taken the opportunity to lobby HMRC to delay the RTI penalty regime which is due to come into force from April 2014.

The CIPP has responded to the draft Statutory Instruments making amendments to the Income Tax (Pay As You Earn) Regulations 2003 (the 2003 Regulations) and The Social Security (Contributions) Regulations 2001 (the SSCR 2001). These draft regulations are in

respect of the easements afforded to micro businesses to report monthly rather than "on or before". In addition the CIPP has used this as an opportunity to lobby HMRC to delay the RTI penalty regime. The CIPP conducted a survey with its members and the wider payroll community via the CIPP website and LinkedIn. The policy team would like to thank all those who responded to the survey. In summary, views were as follows:

Easement for micro employers

Whilst the CIPP would prefer all employers to be on a level playing field in respect of legislation, it does agree, that RTI is an additional burden on business, especially for the small and micro businesses. The CIPP therefore supports the easement until April 2016 for those who currently employee 9 employees or less. Allowing these employers more time to submit returns on or before pay day and utilising the monthly option, will help to address their burdens. It should however be noted that in the responses to the penalty regime survey (below), a number of respondents said they would have preferred the reporting option to be on a monthly basis; this was also offered as a preferred choice by the CIPP during the RTI consultation period. The CIPP supports this easement not being available for newly set up employers after April 2014.

RTI penalty regime

- 41% (65) stated they were responding in an employer capacity and 59% (93) stated they were responding in a payroll service/software provider capacity. There were two who added they responded in both capacities.

- 32.5% stated their main business was in the accountancy industry; however with the exception of publishing all other sectors listed were represented with views.

- 160 respondents answered the question regarding the number of employees/pensioners paid. Whilst only 16.25% (26) responded as having less than 50 employees, the CIPP is pleased that the very small and micro employers shared their views. Those who pay between 1001 and 5000 employees submitted the most responses at 33.13% (53).

- Only two questions were asked; the first "do you have confidence in HMRC issuing accurate penalty notices in respect of the employer obligations for real time information from April 2014?" Of the 148 people who responded to this question an overwhelming majority (108 or 72%) said they didn't have confidence in HMRC issuing accurate penalty notices. 35 respondents were unsure, and 5 respondents said they did have confidence. Responses from those who have confidence in the system did so from the range of employees paid below 5000 with only one confidence vote from a payroll service/software provider. The survey asked those who said no to give their reasons some of which summarised below.

    - HMRC Dashboard is not showing the correct employer accounting information
    - Ineffective administration from HMRC including their ability to respond to queries promptly
    - HMRC v the agent v the client i.e. HMRC contacting employers who use an agent declaring their agent hasn't submitted an FPS when this isn't true causing unnecessary reputational damage for the agent community
    - Major failings by HMRC in their ability to address letters properly
    - Incorrect Generic Notices
    - Perception from employers/agents based on HMRC's previous performance with new systems
    - Reconciliation issues from Debt Management and Banking.

The second question asked was "do you think the penalty regime should be delayed?" And by how long. The question did not rely on the answers around confidence. Of the 149 people who answered this question the majority (nearly 60% or 89 respondents) said the

penalty regime should be delayed by 12 months. Nearly 19% felt it should be delayed for 24 months and 10% stating it should be delayed by 6 months. Just 4 people said it shouldn't be delayed, 3 of whom were employers and one payroll service/software provider.

One comment received as to why they didn't think the penalty regime should be delayed was *"Many companies are still not complying; carrot has not worked, so time to switch to stick".*

Those who believe the penalty regime should be delayed offered a variety of reasons. Below is a summary of the key reasons given to delay the penalty regime.

- A lack of confidence in HMRC systems; not robust enough or accurate
- Delaying will provide HMRC more time to sort out the reconciliation issues
- Will provide payroll software providers more time to iron out any issues with RTI
- Will allow employers more time to understand the payroll process changes without fear of financial penalties.

Recommendations made:

- HMRC should delay the RTI penalty regime for at least 12 months to allow RTI reporting to settle down and HMRC systems to be enhanced to meet employer needs. Delaying will also, the CIPP believes help to restore confidence in HMRC's reconciliation routines
- Improve the Dashboard updating; real time would be preferred
- Allow employers to quote the tax month on any Employment Payment Summary to try and minimise incorrect postings by HMRC's Debt Management and Banking department.

The full response including all the survey responses is available on the CIPP website.

PAYE details for 2013-14 - tax month 8

28 January 2014

Further to the news item on 20 January regarding HMRC's Business Tax Dashboard showing incorrect payment positions for tax month 8 for some PAYE schemes, we have an update.

Customers who are affected will see that payments they believe they have made to HMRC from any point from 21 November 2013 to 16 January 2014 have not been posted correctly to the Dashboard.

Unfortunately, around 100,000 schemes appear to be affected by this error, which arose because of an IT change made to HMRC's systems on 21 November 2013.

Customers affected may see:

- that the amounts shown do not reconcile with the amounts actually paid
- a duplicated payment
- an incorrect method of payment, for example an electronic payment being shown as a cheque payment

The error was corrected on 16 January 2014 to stop any re-occurrence and HMRC's systems have processed all FPS submitted on or after that date correctly. HMRC would reassure employers that HMRC's internal records of payment are not affected. HMRC is therefore not pursuing any debts incorrectly as a result of this problem.

HMRC will be correcting the data for schemes affected over the next few weeks, so if you believe that you are affected by this issue ***you do not need to contact them.***

HMRC apologises for inconvenience caused by this issue.

PAYE details for 2013-14: tax month 9 and 10

30 January 2014

HMRC's Business Tax Dashboard is not showing the correct liability position for tax months 9 and 10 for some PAYE schemes.

HMRC has published the following message on their What's New page:

HMRC's Business Tax Dashboard is not showing the correct liability position for tax months 9 and 10 for some PAYE schemes.

Some customers may notice that the Business Tax Dashboard shows them owing more tax for those months than they were expecting.

This issue arises where:

- employee leaver details relating to the 2012-13 tax year or earlier have been incorrectly included on any Full Payment Submissions (FPS) submitted this tax year
- live payment data in respect of the same employee is included on a subsequent FPS.

In these circumstances, HMRC's systems create a new employment on the employer's record resulting in a duplicated month 9 and 10 charge.

Employers and their agents do not need to take any action - HMRC are identifying the affected cases and will aim to correct them by 10 February 2014.

HMRC would like to remind employers and their agents not to include previous year leaver details on forms FPS when they are submitted. Further guidance can be found in HMRC's guide When an employee leaves, retires or is made redundant.

HMRC is sorry for any inconvenience this causes for employers and their agents.

HMRC publishes its report into the migration to RTI

4 February

HMRC has published its research report into the main migration to RTI that took place from April 2013.

The aim of this research was to measure and provide insights into employers' experience of migrating to RTI, and the benefits and burdens of RTI compared with the previous PAYE system. The research was undertaken around five or six months after the main migration took place in April 2013.

The report is lengthy at 94 pages and highlights positive and negative experiences of the move to RTI.

You can read the report on HMRC's website.

HMRC Real time information update

10 February 2014

HMRC has written a short update on their progress with RTI in relation to migration, administration burdens and issues.

Within the update HMRC refer to recently published research 'PAYE Real Time Information Main Migration Research'. For your information we published this on our news pages on 4 February.

To view the update you can download the PDF within our news item.

Electronic messages to employers

11 February 2014

HMRC has issued an electronic warning message to employers who have not submitted the number of returns expected during the January tax month.

The message is intended to be a helpful reminder to employers in case they have forgotten to make their PAYE submission on time. They are not penalty notices.

Employers receiving this message should check that they have sent all the submissions that are due for their PAYE scheme.

If employers have notified HMRC recently that their business has ceased, then they can ignore the electronic message and do not need to contact HMRC.

HMRC started to issue these messages in December 2013. There is more information in the 'What's New' message from 10 December 2013 which also sets out instances where an employer may receive a non-filing message although they have filed on time.

Revised RTI guidance for redundancy payments published

18 February 2014

Conflicting real time information guidance on redundancy payments has now been revised by HMRC.

When HMRC updated areas of their PAYE guidance in mid-January various stakeholders raised concerns as the guidance was inconsistent with previous direction.

The CIPP are pleased that HMRC has listened to feedback from the payroll profession and has now revised and published the guidance: 'When an employee leaves, retires or is made redundant'.

HMRC listen to payroll profession and announce delay in RTI penalty regime

13 February 2014

HMRC has just announced that there will be a staggered start to the introduction of Real Time Information penalties.

The new automatic in-year Pay As You Earn (PAYE) penalties for late filing and late payment and in-year interest (charged on tax and National Insurance Contributions (NICs) that are paid late during the year), were due to start from 6 April 2014.

Real Time Information (RTI) is a big change and HM Revenue and Customs (HMRC) and some employers are continuing to learn. Having listened to customer feedback, HMRC has

decided to stagger the start of the new in-year late filing and payment penalties to give employers more time to adapt to reporting in real time. The new timetable will be:

- April 2014 - in-year interest on any in-year payments not made by the due date
- October 2014 - automatic in-year late filing penalties
- April 2015 - automatic in-year late payment penalties.

At the same time, HMRC is continuing to improve its systems and guidance.
HMRC has worked closely with the Department for Work and Pensions (DWP) to ensure that RTI will support the operation of Universal Credit, which brings together means-tested in and out-of-work benefits.

HMRC's Director General for Personal Tax, Ruth Owen, said:

"The introduction of RTI is going extremely well for the majority of employers but there are still some who need a bit of time to adapt fully to the changes. This additional time will give us the opportunity to ensure that improvements to our internal systems are working, to learn from them and to provide better customer support to employers who need more time to adapt."

CIPP comment

The CIPP is delighted the Minister, David Gauke and HMRC has listened to the concerns of the payroll profession and welcomes the delays to the RTI penalty regime. We fully support the 6 month delay of the filing penalties and the 12 month delay for the late payment penalties. This additional time will allow both employers and HMRC to iron out all the teething problems being experienced by employers, particularly around the payment reconciliation process without the fear of financial implications. The CIPP is supportive of real time information but it has to be fit for purpose and whilst employers are grappling with queries around what HMRC believes it has received versus what the employer has sent, it was crucial further time was given to sort these issues out. The CIPP also hopes this will allow more time to improve the dashboard employers use to see where payments have been allocated.

The CIPP would like to extend a big thank you to all those who took the time to complete our survey on this subject. Without this type of evidence to present to HMRC, it is extremely challenging to contest decisions which we know will be detrimental to the profession.

You can read the views of respondents and the full CIPP response to HMRC through our news item below.

The CIPP lobbies HMRC to delay RTI penalty regime - 23 January 2014

HMRC on YouTube to help employers with their final 2013-14 PAYE submission

5 March 2014

HMRC has published a 3-step guide on YouTube to help employers make a successful final real time information PAYE submission.

Follow this link to view the guide

HMRC SDST Real time information update

7 March 2014

HMRC's Software Developers Support Team (SDST) have provided an update on 2014-15 early filing, live twitter on end of year tasks, incorrect mergers and GNS.

SDST have provided March 2014 updates on the following areas:

- 2014-15 early filing
- A live twitter on end of year tasks
- Incorrect mergers
- Updated Generic Notification Service (GNS) text

2014-15 early filing

Having listened to stakeholders and employers involved in the pilot we have adapted our systems so that employers can send their 2014-15 submissions from 6 March.

This means that employers who need to run their payroll in advance of 6 April for payments made to employees from 6 April can send their 2014-15 Full Payment Submissions (FPS) and Employer Payment Summaries (EPS) from that date, provided that their software package has been updated with the 2014-15 forms.

Employers who use HMRC's Basic PAYE Tools will be able to make their 2014-15 submissions **from 3 April 2014**, provided that they have the 2014-15 version on their computer. Our 5 March 2014 What's New Basic PAYE Tools for 2014-15 has more details. In previous years this would not have been possible before HMRC's annual IT upgrades took place in April.

For further reference see:

- Employer Bulletin February 2014 (page 11)
- PAYE final submission for the year and end-of-year tasks guidance

A live twitter on end of year tasks

We are currently running the following tweets:

- Employers – got a question for HMRC about the RTI end-of-year PAYE tasks? Ask us now using #RTIQA. We'll answer them from 3-4pm, 11 March
- HMRC is holding a Twitter Q&A on PAYE end-of-year tasks under RTI. Ask questions now using #RTIQA or during the Q&A on 11 March, 3-4pm
- If you're an employer with a question about the PAYE end-of-year tasks, we're running a Q&A at 11 March, 3-4pm. Ask questions now using #RTIQA
- We're running a live Twitter Q&A on PAYE end-of-year tasks under RTI at 11 March, 3-4pm. Ask questions now or during the event using #RTIQA.

If you receive any of these tweets please re-tweet them to your customers or members.

Incorrect mergers

On 19 February we began to correct an issue in our system which, where an employee has had two or more employments with the same employer, had resulted in some employments

being merged in error.

Prior to our corrective action some accounts on HMRC's Business Tax Dashboard will have been incorrect. We are currently updating affected employer records and the Business Tax Dashboard will show corrected figures shortly:

- employers who have been paying the right amount of tax (based on their payroll), should see their accounts now balance on the Business Tax Dashboard. Prior to the records being updated they will have been in a credit position
- dependant on individual circumstances, employers who have been paying the amount that the Dashboard said that they owed (rather than the amount based on their payroll), may end up in debt position when the record is updated
- some employers may see no change at all.

If any employers will have difficulty paying any extra money owed, they should contact our Debt Management teams, who will try to work with them to resolve any issues

We will shortly be publishing a What's New to advise employers of this. We are sorry for any inconvenience that this may cause.

Updated Generic Notification Service (GNS) text

Following stakeholder feedback, we have updated the text of our late filing GNS message. The new text will appear shortly. Further changes to all GNS messages will take effect in 2014-15. We'll provide further details nearer the time.

Real time information: Avoid the most common payroll data problems

12 March 2014

HMRC has published information that tells you how to avoid the most common problems so that HMRC can process your payroll data correctly

HMRC's updated guidance includes additional information on:

- What causes a duplicate employment?
- What happens when HMRC discovers a duplicate employment
- Hints and tips on avoiding the creation of duplicate employments.

Real time information: Reconciling PAYE charges

12 March 2014

HMRC has published steps that employers can take to eliminate some of the most common errors in reconciling their PAYE charge records with HMRC's.

There may be occasions when employers can't reconcile a charge shown on HMRC records to theirs. HMRC has published a few steps employers can take to eliminate some of the most common errors and resolve the issue without having to contact HMRC.

Real time information updates from HMRC

18 March 2014

There have recently been several updates in relation to RTI so to follow is a reminder and some further updates.

'What's New' messages

Reconciling PAYE charges
Sets out the steps employers can take to eliminate some of the most common errors in reconciling their PAYE charge records with HMRC's.

Incorrect Mergers
Issue with HMRC's system where if an employee had two or more employments with the same employer had resulted in some employments being merged in error.

Employers not reporting PAYE in real time must act now to avoid penalties
HMRC is emailing employers who haven't started reporting PAYE in real time, to warn about penalties at the end of 2013-14. HMRC will update their Genuine HMRC contacts Internet page to include a reference to these emails.

Updates to internet guidance

Information you must get right when running your payroll – which now contains detailed guidance on duplicate employments and how to avoid them.

Software packages and other payroll options & Preparing to operate PAYE in real time – which both now include a new section Changing payroll software.

What happens if you don't report payroll information on time – which has been updated to show the staggered start for the introduction of in-year penalties.

PAYE for employers: help for preparing for 2014-15

Two helpsheets are also due to be published in 'What's New' this week which are aimed at helping employers prepare for April 2014 and the changes they will see from 6 April 2014. We will publish the links to these helpsheets shortly.

Employers urged to file Pay As You Earn returns

18 March 2014

More than 70,000 employers are being urged to send employees' Pay As You Earn (PAYE) information in real time or face penalties, HM Revenue and Customs (HMRC) announced today.

Employers who have never used the new system to file PAYE returns in real time are being sent an email this week telling them to do so by the end of the year. As in previous years, if they don't send HMRC their PAYE information at the end of the year they face penalties of at least £100. The penalty will depend on their number of employees and the length of time involved.

HMRC's Director General for Personal Tax, Ruth Owen, said:

"Over 99 per cent of PAYE records are being successfully reported in real time and the majority of businesses say they find the new system easy to use. So those who have not begun using the system should not stick their heads in the sand. They need to act now to ensure that they don't get a penalty at the year end."

Employers who no longer need their PAYE schemes should tell HMRC as soon as possible. HMRC has lots of help and support for employers on its website.

PAYE schemes that pay their employees only annually, and which are registered with HMRC as annual schemes, should also make sure that they are ready to send their PAYE information to HMRC by the deadline.

For more information go to: www.hmrc.gov.uk/actnow

Email communications from HMRC to employers yet to file PAYE in real time

21 March 2014

HMRC recently sent out emails to employers who, according to their records, had not yet started reporting in real time.

Some of our members reported to the policy team that these notices did not contain any PAYE references making it impossible for agents and bureaus to identify who the notices referred to. We of course escalated all reports to HMRC and they have formally responded with the following message:

"As part of HMRC's new publicity campaign aimed at the few employers who have not yet started reporting their PAYE information in real time, on the 17th March 2014, they issued emails to a number of small and medium employers (with up to 249 employees) telling them that HMRC's records indicated they hadn't joined RTI. These emails were designed to provide support to employers by providing information about what they needed to do to help them to avoid penalties at the end of 2013-14.

HMRC issued the emails via the Government Gateway to the email addresses that were provided by the PAYE schemes in question when they registered. However HMRC has now acknowledged they had not anticipated how many agents addresses were given as the e-mail contact on the Government Gateway records, and so the email may have proved unhelpful for agents and bureaus dealing with a large number of schemes.

HMRC are also aware that a number of employers who are already reporting in real time in respect of one or more PAYE schemes also appear to have received the emails. Whilst HMRC's investigations are ongoing, they have not yet found that any emails have been incorrectly issued. HMRC are advising that where an employer has already started to report in real time but has received an email that they double check they have no remaining PAYE schemes still to join RTI – including any inactive schemes which they haven't told HMRC have ceased.

HMRC apologises if the emails have caused any inconvenience or unnecessary concern to employers, agents or bureaus."

One year on: Modernising PAYE with real time information

11 April 2014

HMRC has published a corporate report looking at one year on from the introduction of real time information.

The report includes the following with links to further information:

- Why we changed reporting of PAYE information
- Support for employers
- Employer final submissions of the year
- RTI and Universal Credit

- Employment Allowance

Government Gateway RTI submissions

15 April 2014

HMRC has issued a message regarding the issues experienced over the weekend with PAYE returns/submissions.

"We are sorry if you, or your clients or members, experienced problems trying to send PAYE RTI submissions (or other returns), over the weekend. The problem arose due to issues with the Government Gateway, which led to delays in sending our normal 'success' and 'failure' responses and, in some cases, to multiple responses.

As soon as we became aware of the issue we worked with colleagues from the Government Gateway to put things right. Any submissions sent since 11pm on Sunday night have been processed normally and acknowledgements sent as usual. Anyone sending submissions before that time may have experienced delays in receiving their 'success' (or 'failure') message.

We started to process the backlog of messages early this morning and the majority of employers have now received their 'success' (or 'failure') message and expect that the small number of outstanding messages should be received by tomorrow morning (Tues 15 April).

In the meantime, we would therefore be grateful if you would ask your clients and members **not to:**

- resend their submissions (unless they get a 'failure' message),
- call us about this problem
- delay sending submissions. This is especially important for 2013 – 14 Full Payment Submissions, as our system can only process them up to and including 19th April.

In addition to delays in receiving success and failure messages, some of your clients or members may also have received **multiple responses** during this period.

As you are aware, once HMRC has processed submissions, it sends a validation response back though the Government Gateway. When we send our validation responses, our system expects the Government Gateway to confirm that the success message has been sent. In this case, our systems did not receive these responses. Where HMRC does not receive the expected acknowledgement, it tries again up to 7 times. So, some customers may have received up to 8 messages for each submission.

In addition, some software products 'poll' for a response from the Government Gateway and automatically resubmit if no response has been received. In these cases, substantially more responses may have been received.

We note that some employers may be concerned that this may result in penalties or in 'late filing' warning messages. Please be assured, that each submission is 'date stamped' as it is received by the Government Gateway.

It is this date that HMRC uses as date of receipt. Therefore, no submission will:

- appear to have been received by HMRC later than the date it was actually accepted at the Government Gateway as a result of this issue; and
- no late fling warning should be received as a result
- no late filing penalties for the 2013/14 tax year will result so long as the employer submitted a correct FPS by 19 April or an Earlier Year Update by 19 May.

Guidance about final submissions can be found at http://www.hmrc.gov.uk/payerti/end-of-year/tasks.htm .

Earlier today, we published a 'What's New' about Earlier Year Updates, including a helpful flowchart explaining the process. http://www.hmrc.gov.uk/news/paye-correcting.htm

We are sorry for any inconvenience this has caused.

Thank you for your patience and ongoing support."

Payroll Giving

CIPP AND WORKPLACE GIVING UK RESEARCH ON PAYROLL GIVING

2 May 2013

New research from the Chartered Institute of Payroll Professionals (CIPP) and Workplace Giving UK has revealed notable differences between the perception and reality of implementing payroll giving schemes. This research was undertaken to inform the government's consultation process on modernising the payroll giving system.

The survey results demonstrated a marked discrepancy in the perceptions of the respondents who do not currently offer a payroll giving scheme compared to those that do. For instance, of those respondents who do not operate a payroll giving scheme, the main barriers cited were (more than one option could be chosen):

- 71% were unsure of the administration process
- 71% believed their employees were unlikely to engage with the scheme
- 57% highlighted the cost of running the scheme

However, the reality uncovered by the survey results showed a very different scenario. The findings revealed that the majority of respondents think payroll giving schemes are easy to implement and administer. Of those that currently operate a payroll giving scheme:

- 69% either strongly agreed, or agreed that setting up a payroll giving scheme is simple
- 96% of respondents said they find the administration for payroll giving easy
- Nearly 76% of respondents stated they strongly agreed, or agreed that operating payroll giving is low cost

Following this research, the CIPP submitted its consultation response to the government on its recommendations on making payroll giving more accessible to employers, which includes its suggestions on how to update the payroll giving system.

Karen Thomson FCIPP MSc, Associate Director of Policy, Research, and Strategic Visibility at the CIPP, commented: "Our findings indicated that nearly a third (31%) of survey respondents think that payroll giving is not currently part of their organisation's culture. Furthermore, half (48%) of respondents do not believe payroll giving aids the recruitment and retention of employees. We want to help dispel the perception around the challenges of payroll giving and change the mind-set that schemes are difficult to set up and maintain.

"The research shows that there is a significant increase in the number of respondents who currently operate a payroll giving scheme this year (83%) compared to in 2011 (73%) when the Chartered Institute ran similar research; which is very positive and encouraging. However, there is still a lot of work to be done to raise the awareness of the simplicity of the administration process around payroll giving.

"Having said that, a number of key recommendations have emerged from our survey results. Firstly, there is strong evidence from our research that standardising the administration processes between the employer and the Payroll Giving Agency would greatly improve payroll giving schemes. Secondly, the CIPP supports the concept of a centralised system, which will allow employees to join and choose their charities online with a standard instruction provided to the employer.

"Thirdly, the CIPP and Workplace Giving UK urges the government to consider National Insurance contribution relief on all payroll giving donations. Whilst the research shows employers would be incentivised if employee relief were offered it would be much simpler for payroll systems and understanding if the relief was offered to both the employer and employee.

"Finally, charitable giving is a personal choice and the CIPP believes one size does not fit all. But by permitting donors to select their preferred method of donating and making it easier by offering a centralised online solution, this will go a long way to increase the already generous British public."

To view the CIPP's full consultation response on payroll giving, including all the survey results, click below.

CIPP Payroll Giving Consultation Response

Payroll Giving overhaul announced

16 September 2013

Further to the Treasury consultation earlier this year, proposals to make it easier for employers to encourage charitable donations using Payroll Giving have been announced.

Payroll Giving enables individuals to donate money to charity directly from their salary via their employer, meaning that their donation is made free from income tax. This means that the charity receives the full donation upfront, rather than having to reclaim the tax afterwards, as through Gift Aid.

In 2012 to 2013, Payroll Giving raised £124 million for charities from 750,000 donors. Over £1.4 billion has been donated using this method in the last 25 years. However it is thought that the total amount collected could be considerably higher.

Following consultation, the government is to almost halve the processing time for donations from 60 to 35 days, allowing charities to access the money that has been donated more quickly.

Improving the process for charities and PGAs
A very commonly heard request was for an improved web presence for Payroll Giving, so the government will create a new home for Payroll Giving, drawing together the best of the existing available information. This will provide the place to go for donors, employers, HR professionals, charities and Payroll Giving Agencies (PGAs). It will also host relevant performance information to increase transparency and improve connectivity between different parties. GOV.UK, the cross government website will host the information and options will also be explored for providing a tool whereby prospective donors can search for their employer and link to the relevant PGA. This should more easily facilitate the start of the donor journey, and as such improve universality.

Raising awareness among employers
Whilst suggestions were made to make Payroll Giving mandatory for all employers, or to target specific employers, the government do not feel that a forced approach is appropriate given the further demands it could place on businesses. However there is certainly more that

can be done to raise awareness of Payroll Giving, and the benefits it brings, to encourage more employers to offer the scheme and more donors to sign up. Existing government channels of communication with employers can be better utilised in making the case for Payroll Giving so findings from the Cabinet Office's Behavioural Insights Team's research will be used to inform communications. Payroll Giving will be promoted across the wider public sector with the aspiration that all public sector employees should have access to Payroll Giving and as part of the existing Payroll Giving Awards an Award for 2014 will be created for the best government department or agency.

CIPP comment

The CIPP Policy team has been part of the group calling on the government to review payroll giving and we are pleased that formal consultation has resulted in some improvements to the system. Earlier in the year we published a joint survey with Workplace Giving UK and responded with the full results.

We recommended in our response that consideration should be given to National Insurance contribution relief on all payroll giving donations. However, disappointingly the government has no current plans for this and state that the existing payroll giving scheme works well alongside Gift Aid as both offer the same overall relief. They believe that altering this to make Payroll Giving more generous would undermine Gift Aid and lead to a substitution away from Gift Aid.

We are pleased to learn the government intends to reduce the time it takes for PGAs to pass donations over to Charities. However Workplace Giving UK has said that as most do pay contributions over within a month it might not make a significant difference.

The government's response states it will look at providing an online portal, hosted by GOV.UK. We will be looking to work with the government on this proposal as the response states it will explore the possibility of donors being able to search for their employer to check whether they offer payroll giving and the link to the PGA. The CIPP will look to understand how this might work with minimum administration burden on employers, but do hope this online portal will be something much more than exists now.

We are extremely pleased the government does not intend to implement the view by some, of forcing employers to offer a payroll giving scheme. The suggestion by charities to include payroll giving information on a P45 would also not be supported by the CIPP as we hope with the introduction of RTI and personal tax statements the P45 will become obsolete.

We also recommended the government continue with the annual awards ceremony and are pleased the government not only intends to do this but also introduce an award in 2014 for the best government department or agency.

Looking ahead, the government will be hosting a series of working groups, involving charities, PGAs and other stakeholders, to help PGAs and charities consider further improvements to the Payroll Giving process. The CIPP policy team will continue to be part of this consultation group and don't forget, the CIPP's Samantha Mann and Michael Sanders from the Behavioural Insight Team at the Cabinet Office will be delivering a presentation at the Annual Payroll & Pensions Conference this year on how to motivate employees to join the employer payroll giving scheme.

Workplace Giving UK offer CIPP members a special introductory offer on The Big Charity Whip Round

23 September 2013

Workplace Giving UK launch the Big Charity Whip Round to coincide with the CIPP Annual Payroll and Pensions Conference and offer a half price set up fee to CIPP members until 31 December 2013.

To coincide with CIPP's Annual Payroll and Pensions Conference, this week sees the launch of Workplace Giving UK's latest initiative – The Big Charity Whip Round. It rounds down participating employees' net pay to the nearest pound, and the remaining pennies are donated direct to charity. So if the payslip says £965.23 it's rounded down to £965, and the 23p is donated to the chosen good cause.

No employee will ever donate more than 99p per pay day but together they can turn pennies into pounds and make a world of difference.

Helen Hargreaves, Senior Policy and Research Officer for the CIPP comments: *"The CIPP welcomes any initiative which promotes charitable giving. A simple low cost system, which enables individuals to donate a few pennies every month could mean that over the period of a year, a company's employees, together, will have made a significant contribution to their chosen charity."*

Workplace Giving UK are offering CIPP members a special half price set up fee of £14.99 until 31 December if you mention your membership. For more information call 0208 731 5125 or visit http://www.thebigcharitywhiproud.co.uk/

CIPP research paper on Payroll Giving

4 December 2013

The National Payroll Giving Excellence Awards took place at HM Treasury last night. To help companies who have been considering setting up a Payroll Giving scheme but haven't been sure how to go about it, CIPP's Helen Hargreaves has written a research paper investigating the attributes of a successful Payroll Giving scheme and the company conditions needed to launch such a scheme.

Recent research undertaken by the Chartered Institute of Payroll Professionals (CIPP) in conjunction with Workplace Giving UK, suggests that two of the main reasons why employers do not offer Payroll Giving to their staff are because of the administration process and the perceived cost of running the scheme. However, the reality uncovered by the survey results shows that the majority of employers who responded think Payroll Giving schemes are easy to implement and administer.

This paper seeks to:

- understand what drives individuals to give charitably;
- examine whether the recent recession has had any effect on donations;
- identify the characteristics of, and the company conditions needed to launch, a successful PG scheme; and
- make recommendations as to how organisations can implement a low cost, low administration scheme.

Follow this link to the CIPP news item to download the research paper.

Payroll Giving: Reduction in donation handover time

22 January 2014

HMRC is consulting on draft regulations to reduce Payroll Giving donation hand over time.

HMRC has published draft regulations, an Explanatory Memorandum and Tax Information and Impact Note (TIIN) explaining reducing the time limit from 60 to 35 days for agents to pass money held under Payroll Giving schemes.

HMRC administers the Payroll Giving scheme under The Charitable Deductions (Approved Schemes) Regulations 1986. These regulations include a requirement for agents to pass on to charities within 60 days, sums they get from employers under the scheme. Secondary legislation will amend the 60 days to 35 days subject to certain conditions.

The conditions are designed to ensure that agents have enough time to check information provided by employers and that nominated beneficiaries are entitlement to receive tax advantaged donations under the scheme. To accommodate practical problems arising where an agency has made no payment to the charity specified in the 12 months immediately preceding receipt of a donation, an approved agency may extend the 35 day period to 60 days.

When approved, this measure will have effect for money received by agents on and after 6 April 2014.

- The Charitable Deductions (Approved Schemes) (Amendment) Regulations 2014 Explanatory Memorandum
- The Charitable Deductions (Approved Schemes) (Amendment) Regulations 2014
- Tax Information and Impact Note - Payroll Giving: reduction in donation hand over time

Comments on this should be sent to David McDowell by 18 February 2014.

Payroll Giving - matched funding is on the increase

5 February 2014

2014 will see tax efficient Payroll Giving celebrate its 27th birthday and recent figures from the Association of Payroll Giving Organisations (APGO) show that employers are doing their bit to boost charitable giving.

Recent figures issued by APGO show that companies donated over £7.5 million in the last financial year (2012-13) in match funding employee's donations through Payroll Giving which reflects a huge increase of £1.5m on the previous year.

The announcement follows a revision to HMRC figures and brings the total donated to charity by employees and companies through Payroll Giving to £162.5 million this financial year, an increase of £38.6 million on the previous year.

Further figures released by the APGO show that a record 48% of employers engaged in Payroll Giving schemes pay the administration charge on behalf of their employees. This again puts Payroll Giving ahead of other donation methods as the most cost effective way for people to give and ensures that 100% of employee donations go directly to the charities they are supporting.

A representative of the APGO said: *"We are delighted to be able to release these figures on behalf of our members and would like to take this opportunity to say a huge thank you to corporate organisations that continue to champion and fund Payroll Giving. We see this as a starting point to encourage more employers to support employee's charitable donations by providing and facilitating Payroll Giving."*

Prime Minister David Cameron said: "*The amount of money that people give to charities in this country is a testament to the generosity of the British people. Payroll Giving is a great idea because it makes giving easier and a normal part of life.*"

Partnerships

HMRC CONSULTATION - PARTNERSHIPS: A REVIEW OF TWO ASPECTS OF THE TAX RULES

23 May 2013

As previously announced in Budget 2013, HMRC has published an open consultation to review two aspects of the tax rules as they relate to Limited Liability Partnerships.

The consultation Partnerships: A review of two aspects of the tax rules opened on 20 May 2013 and will close on 9 August. Comments and views are invited from any interested stakeholders as to the detailed design of the changes and on how to ensure that any impacts outside the specified targeted areas can be reduced without giving rise to uncertainty and avoidance.

The two aspects of the partnership rules being consulted upon are:

- remove the presumption of self-employment for some members of Limited Liability Partnerships (LLPs) that seek to disguise employment relationships; and
- counter the manipulation of profit or loss allocations by some partnerships (not just LLPs) to achieve a tax advantage.

Written during the Foreword of the consultation document, David Gauke MP wrote *"Fundamentally, this consultation is about levelling the playing field. It will have no impact on those partnerships or LLP members that use partnership structures as Parliament originally intended."*

This consultation is being released under Stage 3 of the 5 stage required for tax policy development, which sees legislation being drafted to effect the proposed changes which are set to come into force from April 2014.

Responses should be sent by 9 August 2013:

- by e-mail to partnership.review@hmrc.gsi.gov.uk or
- by post to Partnerships Review Consultation, c/o Tax Administration Policy Team, HM Revenue & Customs, 1C/06, First Floor, 100 Parliament Street, London, SW1A 2BQ.

PARTNERSHIPS: DISGUISED EMPLOYMENT

17 July 2013

Following on from the publication of the Draft National Insurance Contributions Bill, Tax Information and Impact Note has now been published which describes the impact of the draft legislation which disapplies a part of the Limited Liability Partnership Act 2000.

This Tax Information and Impact Note describes the impact of the draft legislation as it relates to disguised employments within Limited Liability Partnerships.

If you have any comments about the draft Bill or the associated documents you can contact:

Raj Nayyar at raj.nayyar@hmrc.gsi.gov.uk or telephone 0207 147 2521 or
Ativie Edebiri at ativie.edebiri@hmrc.gsi.gov.uk or telephone 0207 147 0235

Pay and Conditions

PERFORMANCE RELATED PAY – DEPARTMENTAL ADVICE

18 April 2013

Schools in England have been sent advice by the Department for Education along with a revised version of School Teachers' Pay and Conditions document.

As from 1 September 2013, Schools will be able to link teachers' pay to performance allowing them to pay good teachers more. This follows recommendations from the independent School Teachers' Review Body, which last year called on the government to link teachers' pay more closely to their performance.

By this September every school will need to have revised its pay and appraisal policies setting out how pay progression will in future be linked to a teacher's performance. The first performance-linked pay increases will be made from September 2014.

The new arrangements provide increased flexibility for schools to develop pay policies tailored to their particular needs. These freedoms will support heads in attracting teachers in specific subjects based on their school's needs. It will also help schools across the country recruit and retain excellent teachers.

The Departmental Advice highlights factors schools could consider when assessing teachers' performance. This includes a teacher's:

- impact on pupil progress
- impact on wider outcomes for pupils
- contribution to improvements in other areas (eg pupils' behaviour or lesson planning)
- professional and career development
- wider contribution to the work of the school, for instance their involvement in school business outside the classroom

Schools could consider evidence from a range of sources, including self-assessment, lesson observations, and the views of other teachers and of parents and pupils.

It is up to each school to decide how best to implement new pay arrangements – and each school must make the link between pay and performance clear.

Heads and school leaders are responsible for developing arrangements for performance-linked pay. Governing bodies will ensure schools adopt pay policies which clearly set out arrangements for linking appraisals to pay progression. School leaders will be responsible for explaining to teachers how appraisal outcomes lead to pay decisions.

A Department for Education spokesperson said:
"It is vital that schools can recruit and reward the best teachers. The advice will help schools to review their pay policies and put in place arrangements that enable them to pay the best teachers more."

The revised version of School Teachers' Pay and Conditions document is available at the website for the Department for Education.

Annual Survey of Hours and Earnings Patterns of Pay

28 February 2014

The Office for National Statistics has published the Patterns of Pay article which presents an analysis of UK earnings trends from the Annual Survey of Hours and Earnings (ASHE).

ASHE is The Office for National Statistic's (ONS) most detailed and comprehensive source of information on levels of earnings, make-up of total earnings and distribution of the earnings of employees. ASHE details analysis of trends in levels, distribution and make-up of earnings over time for UK employees by sex, full-/part-time status, public/private sector and region and covers years 1997 to 2013.

Key points

- Adjusting for inflation using the Consumer Prices Index, UK weekly earnings for full-time employees fell each year between 2008 and 2013.
- Although there is a long-term downward trend in the gender pay gap for full-time employees (from 17.4% in 1997), there was an increase from 9.5% to 10.0% between 2012 and 2013.
- The gender pay gap for full-time employees narrowed in all UK regions between 1997 and 2013, with by far the largest reduction in Northern Ireland (from 16.5% to -0.7%).
- Each year between 1997 and 2013 the weekly pay for the highest full-time earners (at the 90th percentile) has consistently been around 3.5 times that of the lowest earners (10th percentile).
- The proportion of overtime payments out of total weekly earnings for full-time employees has decreased in the long-term, reflecting a fall in overtime hours worked

You can view all the tables in the data section of the full report of the Annual Survey of Hours and Earnings.

CIPP comment

The TUC published an analysis of figures recently showing that the number of staff doing unpaid overtime has gone up in the public sector over the last decade, but has held steady in the private sector. The analysis was published ahead of Work Your Proper Hours Day (today 28 February) which is the day when those who do unpaid overtime would start to get paid if they did all their unpaid work at the start of the year. It comes as no surprise that the ASHE shows a fall in overtime payments.

The analysis also shows that unpaid overtime is more common in the public sector, with more than one in four public servants doing unpaid overtime compared to around one in six of workers in the private sector.

More than a quarter (27.4 per cent) of public sector staff did unpaid overtime of at least an hour a week in 2013, up from 24.8 per cent in 2003. The average amount of unpaid overtime done by these staff is 7 hours 42 minutes a week – 18 minutes less than in 2003.

According to the analysis the increase in unpaid overtime across the public sector over the last decade is almost entirely driven by more than a quarter of a million extra women doing hours for free.

Pensions

Automatic Enrolment

THE PENSIONS ADVISORY SERVICE PREPARED FOR INCREASE IN CALLS ABOUT AUTOMATIC ENROLMENT

10 October 2012

Even before the start of employers' duties on 1 October to automatically enrol workers into workplace pension schemes, The Pensions Advisory Service (TPAS) has seen a steady increase in enquiries from the public about automatic enrolment.

TPAS Chief Executive said on launch day that as one of the Department for Work and Pensions' key stakeholders for the delivery of pension reform, they expect to deal with a significant number of enquiries from members of the public who are joining a pension scheme for the first time. TPAS have been working with the Department and other stakeholders to identify the sorts of complex pension queries people might have as they start planning for retirement for the first time.

TPAS has already seen a steady increase in calls and emails from the general public and this is expected to continue to increase over the coming months. As the number of people in workplace pension schemes is set to explode, they expect to continue to play our part in helping them understand their pension rights and have been very busy making a number of changes to the way they work. TPAS has also increased their staffing levels to ensure they are ready.

CIPP comment
The Pensions Advisory Service staff has technical expertise and years of pensions experience so are uniquely placed to provide employees with free impartial assistance with Automatic Enrolment. They are skilled at explaining complex issues in ways that can be easily understood. So if your staging date is on the horizon and you have employees who come to you looking for advice then you could direct them to TPAS who can talk them through their options and help to decide what is right is for them.

Helpline:0845 601 2923
www.pensionsadvisoryservice.org.uk

NEST SAYING 18 MONTHS PREPARATION FOR AUTOMATIC ENROLMENT REQUIRED

1 November 2012

With automatic enrolment now a reality for the largest employers and workforces across the UK, the clock is ticking on preparations for companies of all shapes and sizes.

NEST is reaching out to employers to help them understand the challenges they may face in implementing automatic enrolment, how long it will take to prepare, the questions they need to consider and where NEST could fit in with their plans. At an event for employers and advisers in London today (30 Oct), NEST shared its expertise and insights to date on getting to grips with the duties, compliant investment solutions, worker communications and scheme management. Delegates also heard from Minister for Pensions, Steve Webb and Joanna Hancock from the Pensions Regulator.

Helen Dean, managing director, scheme development at NEST, says:

'Our experience has shown that it can take 18 months for employers to get to grips with

preparations for automatic enrolment. That's why we're calling on employers to start thinking about how they will meet their duties as soon as possible.

'For some, it may take longer, for others, it may be less, but we should not underestimate the scale of the challenge facing employers and the broader pensions industry. Between now and 2018, 11 million people, working for 1.2 million employers, will benefit from automatic enrolment. At some stages, for example in the summer of 2014 which is just over 18 months away, there will be literally tens of thousands of employers reaching their staging dates within a very short space of time.

'Today we're announcing the names of some of the companies we're working with who are in the early stages of automatic enrolment. As these names show, NEST is suitable for a wide range of employers and can be used in a variety of ways. We are very pleased to welcome these employers on board.'

NEST has been working with volunteer employers since last year and over 170 are now participating in NEST. In addition, over 100 large employers have told us they intend to use NEST to help them meet their automatic enrolment duties. Most of these employers are using NEST alongside another pension scheme. A few examples of employers we are working with are below.

- BBC
- BT
- Capita Resourcing Ltd
- Compass Group UK & Ireland
- Gondola Group
- The JSA Group
- McDonald's Restaurants Ltd
- The Rank Group Plc
- Travelodge

Steve Webb, Minister for Pensions, said:

'I am delighted to see major household names among the broad and diverse group of employers choosing NEST, which is one of the schemes employers should consider when they decide how to meet the new duties.

'NEST has been specially created to make it easy for employers who are not used to dealing with pensions, and want to enrol their workers into a good quality, low cost pension scheme without any fuss.'

AUTO ENROLMENT PRP THRESHOLDS 2013/2014

23 January 2013

The Department for Work & Pensions (DWP) and the Pensions Regulator have provided a table of the various pay reference period thresholds for Auto enrolment for 2013/14.

After the announcement of the increase to the annual thresholds for Auto enrolment, numerous requests were made by industry representatives for the release of the 2013/14 threshold values broken down to each of the various Pay Reference Periods (PRPs).

These are the proposed thresholds and are still subject to parliamentary approval.

The thresholds will come into force on 6th April 2013.

Automatic enrolment rates 2013/14

	1 week	2 weeks	4 weeks	1 Month	3 Months	6 Months
Automatic enrolment Earnings trigger **£9,440**	£182	£364	£727	£787	£2,360	£4,720
Qualifying earnings band lower limit **£5,668**	£109	£218	£436	£473	£1,417	£2,834
Qualifying earnings band upper limit £41,450 pa	£797	£1,594	£3,188	£3,454	£10,363	£20,725

PREPARING FOR AUTO ENROLMENT - USE PAYSLIPS TO GET THE MESSAGE ACROSS

6 March 2013

Following the publication of research which showed that 86% of all employees check their payslips, Edinburgh University used this vessel as one its methods of publicising news of Auto Enrolment.

As reported in Pensions Week Edinburgh University, who began Auto Enrolment this month adopted Twitter-esque brevity to help get the message across.

"*We didn't have many characters to work with, it was only about two or three sentences*," the university's assistant director of finance, Terry Fox, told PW.

The employer used this to get across the basic message: *if you meet the criteria and you're not in a scheme already, there will be deductions in your pay – if you need further information, go here.*

For those of us that report on the complexities of workplace reform and the innovation that drives its communication, it is refreshing to consider the demands of fitting such an important financial event into a plain, unformatted box.

And to think of all those hours spent crafting that introductory video, now sitting on your intranet awaiting its audience. "*No matter how much you do verbally, or by email or sending letters to people, there will be some who don't read it because it says pensions at the top*," Fox warns.

There are proponents for bite size communication. In November, charity Age UK called for a "drip-drip" approach to communication, arguing there was a limit to how much financial planning information people could take in.

"*The best communications material is simple and concise,"* according to the Pension Quality Mark's communication guide, issued last week, which cautioned the more technologically minded communication teams not to confuse the medium with the message.

It is quite possible the benefits of workplace saving could be lost in the edit. Edinburgh University is certainly bracing itself for the impact of this month's payslip surprise. Early indications suggest, though, that beyond the initial shock, there might be something positive to tweet about.

DWP CONSULTATION - TECHNICAL CHANGES TO AUTO ENROLMENT

25 March 2013

The DWP have published a consultation designed to improve the automatic enrolment process.

The consultation document outlines the amendments the DWP are proposing to give more flexibility on pay reference periods, the automatic enrolment joining window, and the form of the opt out notice.

It also sets out proposals to align the contribution deadline for all new joiners and amend the Test Scheme Standard. The consultation also seeks views on other possible easements for employers providing good pension schemes and potential future changes to remove the automatic enrolment duty where pension saving is not appropriate or where further pension saving could result in financial detriment, i.e. for those who are or should be protected for tax reasons.

The closing date for responses is 7 May. The CIPP will be conducting a survey to seek the payroll profession's views.

CIPP, BCS, IREEN & PAYROLL ALLIANCE SURVEY ON TECHNICAL CHANGES TO AUTOMATIC ENROLMENT

10 April 2013

The CIPP, British Computer Society, IReeN and Payroll Alliance are jointly conducting a survey on the recent publication of the DWP consultation document; Technical Changes to Automatic Enrolment.

The CIPP, BCS and IReeN, along with other representatives spoke with the Pensions Minister and the DWP staff to highlight some of the difficulties employers were, or were going to experience with automatic enrolment. You should read the consultation document and refer to sections when directed to be able to answer this survey effectively, although every effort has been made to provide sufficient background to help you answer the questions.

The survey closes on 29 April and should take you no more than 30 minutes to complete, including reading relevant parts of the consultation document. The consultation response submitted by this group could change the way in which automatic enrolment works in the future and therefore your valuable time in completing this survey is very much appreciated by all of us.

Thank you

CIPP & IReeN JOINT RESPONSE TO WORKPLACE PENSIONS: PROPOSED TECHNICAL CHANGES TO AUTO ENROLMENT

15 May 2013

The CIPP along with IReeN - The electronic exchange with government user network have recently submitted a joint response to the Department for Work & Pensions Workplace Pensions: Proposed Technical Changes to Auto Enrolment.

Following the recently announced proposed technical changes to auto enrolment regarding Workplace pensions, the Chartered Institute of Payroll Professionals has issued the following statement:

“The Chartered Institute of Payroll Professionals supports the proposals set out by the Department of Work and Pensions in respect to the simplification of automatic enrolment duties.

“Whilst we were disappointed that these areas, which were raised some years ago, were not included in the original legislation we welcome the DWP’s drive for simplicity now. These new proposals will make it easier for employers to administer automatic enrolment whilst protecting the worker. A survey also undertaken by the CIPP shows further and overwhelming support from the payroll industry to introduce the changes as soon as possible. As long as payroll software providers, payroll representative bodies and middleware providers are consulted on implementation requirements.”

CIPP IReeN Joint Response

TAKE A LOOK AT TPR AUTOMATIC ENROLMENT REGISTRATION

12 April 2013

The Pensions Regulator is encouraging employers to take a look at a practical demonstration of how to register online.

Automatic enrolment legislation requires all employers to register with The Pensions Regulator within four months of their staging date, to confirm that they have met their duties. Failure to register on time may result in enforcement action for non-compliance. Registration is a secure, online process accessed through the Government Gateway.

Sarah Howitt-Jones, Registration, data and information service manager at the regulator gives a practical demonstration of how to register online, where you can learn:

- why employers are required to register
- how to register on behalf of an employer
- what information must be provided
- how to use the Government Gateway to access online registration

TPR UPDATE GUIDANCE TO TAKE ACCOUNT OF NEW THRESHOLDS

11 April 2013

The Pensions Regulator has updated its guidance to take account of the new earnings thresholds for 2013-2014 tax year.

The detailed guidance is aimed at professional advisers, large employers with in-house pension’s expertise and those with a sound knowledge of pensions**.** The guidance provides detailed help with implementing the new employer duties.

Affected documents are identified as 'UPDATED'. We have provided a breakdown of the earnings thresholds by pay reference period for the current and previous tax year.

The TPR plan to make further, more extensive updates to all the guidance in line with the outcome of the consultation on draft regulations and other proposed changes, currently scheduled for publication by the Department for Work and Pensions (DWP) in July 2013.

HOW DO YOU PLAN TO BEAT THE AUTO ENROLMENT CAPACITY CRUNCH?

8 May 2013

Many employers plan to rely on their current providers to provide them with Auto Enrolment solutions, however, these plans are been brought in to question due to predicted ‘capacity crunch’ facing the pension industry?

Thank you to Pensions Week for their report of this story

Many businesses intend to rely on their current pension or payroll provider to assist with auto-enrolment, according to our experience so far. But how much detailed analysis has gone into the feasibility of this approach is open to question.

Why should employers think differently, especially if they have had a relationship with their current suppliers or administrators for some time? Sadly, current experience shows this reliance may not deliver the required or expected results.

It is now generally accepted that the UK pension industry will face capacity issues in delivering auto-enrolment.

Failing to engage with your current scheme suppliers and administrators from an early stage is a very risky scenario for employers. Being turned away by them when the time for delivery arrives and leaving no auto-enrolment option on the table creates additional costs, time and effort.

Providers now look at the profitability of a potential scheme over the longer term much more closely than ever before. We have already seen evidence of many employers being turned away by their current scheme provider.

Many companies in this scenario may end up managing more than one scheme with more than one supplier or administrator, which creates significant additional work and costs.

Two or more schemes mean extra administration work as contributions are scheduled and paid to different sources. It begs the question: how will the employer's compliance with the reform's rules be monitored in this scenario?

Does this mean the employer will need to use more than one software package to help with the ongoing assessment requirements and communications, potentially doubling up on both cost and effort?

Also, many providers will not hold data relating to anything other than their own schemes. While this fact is understandable it does not help the employer, who is left with no option but to cope with a multi-scheme scenario and all the additional in-house administration that will be required.

This scenario highlights just one reason why employers could consider using standalone third-party software. It is also one of the reasons why the industry is seeing a resurgence of mastertrusts, which allow the employer to take more control of not only the structure, design and employee communications but also the scheme default investment strategy.

Where supply can meet demand, other delivery and process issues have made the process much more complicated than it should be. So far providers have had a take-it-or-leave-it approach to auto-enrolment. We need to push back and demand solutions that can meet minimum criteria, such as:

- coping with multiple pay reference periods;
- managing their opt-out processes effectively;
- flexibility when the employer is importing data for the assessment processes;
- dealing with multiple postponement periods for different categories of workers – an issue for payroll providers;
- integration with other arrangements such as legacy schemes or other provider's systems;
- dealing with complicated or multiple contribution structures such as those required for TUPE-transferred staff or 'grandfathered' arrangements;
- offering adequate levels of security with their data transfer processes.

This list of issues needs addressing urgently. Scheme professionals need to seek out the suppliers who can provide them with a full service that includes consultancy and auto-enrolment project management, while meeting all of the compliance and regulatory requirements.

Auto-enrolment is an issue that requires their immediate attention. Are we getting the message across as an industry? Are we offering fit-for-purpose answers? Time will tell but there are certainly early issues which are concerning.

UMBRELLA COMPANIES AND THEIR AUTOMATIC ENROLMENT DUTIES – FOLLOW UP TO RECENT CIPP/ DANBRO ROUND TABLE EVENTS

20 May 2013

As a result of a joint working relationship between the CIPP and DANBRO, two round table meetings were arranged.

These meetings provided the opportunity for Umbrella organisations to discuss automatic enrolment (AE) into a workplace pension as well as the impact on Umbrella groups and their employer obligations.

The discussion with professional peers, The Pensions Regulator (TPR) and a representative from the National Employment Savings Trust (NEST) allowed a better understanding of how the new legislation affects Umbrella groups.

During the second meeting held, a presentation was delivered by NEST to aid an understanding of the NEST system processes.

The CIPP and DANBRO have now published the key questions raised and the answers provided by NEST and TPR.

http://www.cipp.org.uk/en/cippnews/index.cfm/umbrellaae

TPR PROVIDES NEW TIMELINE PLANNER TO HELP PREPARE FOR AUTOMATIC ENROLMENT

11 June 2013

The Pensions Regulator has added to their repertoire of goodies a timeline planner aimed at helping employers with 20 – 250 employees.

Having said that you may find it helpful even if you don't fall in to the exact target range and it is worth taking a look at as you plan towards Auto Enrolment. Whatever your size, there is a lot you will need to do in order to be ready for automatic enrolment, so allow plenty of time to prepare.

COMPANIES ARE NOT LEAVING THEMSELVES ENOUGH TIME FOR AUTOMATIC ENROLMENT

26 June 2013

There are warnings that companies are not giving themselves enough time to prepare for auto enrolment (AE), which could leave them vulnerable to fines and even custodial sentences.

Corporate Benefits Consulting director Allan Maxwell said that companies believe the process is straightforward and not difficult to do, when in actual fact, politicians have made it incredibly complicated.

"The problem is there is so much detail. There are so many facets. These include assessing the workforce and working out how much each employee should contribute, who is in and who is out of the scheme.

"Then there is the communication process with employees, the information that must be provided to them, what status they happen to be. There are very, very strict guidelines on this.

"Everyone's focused on the 'day one staging date', and most don't realise that AE doesn't stop there, it's an on-going process. If you pay people weekly then you have to assess the workforce every week."

There are potential penalties for companies that don't comply with the new rules, with small businesses of four of five staff likely to incur fines of £50 a day, with a hike to £5,000 a day for businesses with over 1,000 employees.

Maxwell said: *"While I don't think the regulator wants to levy these fines, if people don't get their act together and figure out what they need to do, they may see themselves hit.*

"Ultimately there is potential for custodial sentences too but these are probably a long way off."

There will be approximately 12,000 employers going through the process between April and June next year rising steeply between October to December 2015 when approximately 100,000 a month will go through the AE process.

CIPP SURVEY - AUTOMATIC ENROLMENT OPT-OUTS

28 June 2013

The CIPP is working in partnership with JLT Solutions to understand what the current opt-out rates are for employer provided pension schemes and to understand the reasons why employees opt out.

The CIPP and JLT Solutions appreciate that you may not have all the data directly from your employees and would therefore ask that for some of the questions you use your best estimate based on anecdotal evidence, or evidence that you have gathered.

The survey should take you no more than 10 minutes to complete. This survey will remain open until the close of business on 12 July 2013. Thank you in advance for your help.

DWP - SUPPORTING AUTOMATIC ENROLMENT: INFORMATION ON SMEs

2 July 2013

The Department for Work & Pensions has published the results from their call for evidence, launched in November 2012.

The call for evidence looked at the impact that two of the constraints on NEST where having on employer choice and also whether these restrictions on transfers in to and out of NEST were as the Policy had originally intended.

The results showed that 83%of SMEs (small and medium sized employers) are very likely or quite likely to want to use the same pension scheme for all their workers, but the contribution restriction of £4,800 would impact on those earning £60,000 per year this would therefore create the need for SMEs, who do have employees who fall in to this category, to either use another provider, who doesn't have similar restrictions, or to use multiple providers. Clearly amongst this size of employer, multiple users was not a popular option for the obvious reasons of unnecessary administration burden.

Supporting automatic enrolment: information on small and medium employers can be read in full (all five pages of it) at the GOV.UK website.

DWP BRIEFING PAPER - CLAUSE 34 AUTOMATIC ENROLMENT: POWERS TO CREATE GENERAL EXCEPTIONS

4 July 2013

The Department for Work and Pensions have published a briefing paper that sets out the main issues that go to support Clause 34 which would provide a power to lift the employer duty, to automatically enroll their employee in to a workplace pension, in certain circumstances.

Pensions Bill 2013-14 Briefing Paper provides example of situations where it would be wholly appropriate for Clause 34 to be used and confirms that it is the intention now to assess all evidence gathered so far and test all the suggested exclusions against the following core policy principles:

- Is pension saving likely to put the individuals at financial or legal risk?
- Are the individuals unlikely to benefit from pension saving?
- Are employers able to identify the individuals with minimal burden?
- Is the employer able to arrange membership of a scheme without unreasonable financial or legal risk?

A summary of findings from the earlier consultation will be published in due course and it is proposed to hold a further formal consultation on draft proposals in the autumn of 2013.

THE PENSIONS REGULATOR HIGHLIGHTS THE ANSWERS TO REGULARLY ASKED QUESTIONS ABOUT AUTOMATIC ENROLMENT

19 July 2013

Following on from industry research and frequently asked questions, The Pensions Regulator (TPR), has identified a couple of regular queries and would like to highlight useful guidance to help answer these questions.

Identifying your workers
When assessing your workforce, you must consider all workers, even those who work on a casual basis, or have a 'main job' elsewhere. They may still count as your worker for automatic enrolment purposes. This will depend on the exact nature of the working and contractual relationship with you.

Find out more:

Detailed guidance 1 Employer duties and defining the workforce

Postponement
Using postponement doesn't change your staging date, but it does allow you to delay automatic enrolment for some or all of your workers for up to three months.

You might want to use postponement where you have:
- seasonal workers
- an on-going probationary period for a new starter

or to give yourself more time from your staging date to:
- finalise pension scheme membership
- test your business software.

Applying postponement is easy – all you need to do is write to the staff and TPR has a letter template you can use.

Find out more: Detailed guidance 3a Postponement

A MILLION WORKERS NOW SAVING FOR RETIREMENT THROUGH AUTOMATIC ENROLMENT

23 July 2013

The Pensions Regulator has confirmed that the millionth worker has been automatically enrolled into a workplace pension. Automatic enrolment was introduced in October last year to ensure workers have access to an occupational pension.

The largest firms in the UK have already enrolled their workers into pension saving, medium-sized firms are starting now, and the smaller businesses will follow in the years to 2018.

Minister for Pensions Steve Webb said:

"Today is a real landmark in this quiet revolution, finally reversing decades of decline in pension saving. This is the biggest change to the pensions system for a century. The money workers save is being matched by contributions from their employers and topped-up by tax relief, helping them put money aside for their retirement, many for the first time. By this time next year, thousands of employers will be automatically enrolling their staff, and by 2018 every employer in the country will have helped their staff start saving for later life."

The landmark one million figure is included in the monthly automatic enrolment registration report published by The Pensions Regulator. All employers have to register their information with the regulator.

PENSIONS REGULATOR SURVEY SHOWS MANY SCHEMES NOT KEEPING THE REQUIRED RECORDS

29 July 2013

The Pensions Regulator's (TPR) annual record-keeping survey shows there is a lack of awareness of data obligations amongst smaller schemes.

Maintaining accurate records is crucial to the effective administration of pension schemes. TPR previously set targets for schemes to meet certain 'common' data standards by the end of 2012. 'Common' data includes name, date of birth, National Insurance number and other basic member information.

Schemes also need to ensure that their ‘conditional data’ is correct and complete. This is additional information required to accurately calculate benefits.

TPR’s recent survey has revealed that many schemes are still falling short of achieving the standards set, despite steady improvements in some areas.
It shows that the majority of large and medium trust-based schemes measure common data, and over half meet the overall target. But measuring conditional data is less prevalent, with 29% of large schemes saying that it was not a priority and half of trust-based schemes unaware of the requirement to do so.

1.7 MILLION LOSE OUT ON AUTOMATIC ENROLMENT DUE TO THRESHOLDS SET TOO HIGH

1 August 2013

The TUC have issued a press release following the recent publication of a report of Commentary and Analysis of Automatic Enrolment from the Pensions Regulator.

The report automatic enrolment commentary and analysis is the first report on the impact of automatic enrolment and its role in increasing participation in workplace pension schemes. It focuses on the implementation and operation of automatic enrolment during the 2012 - 2013 financial year. It's based on information provided by employers when they complete the registration process and includes additional analysis and commentary, as well as trends that have started to emerge in 2013 - 2014.

The Pensions Regulator plans to publish the next wave of the employers' awareness, understanding and activity relating to workplace pensions reforms on 20 August 2013.

However, the TUC General Secretary Frances O'Grady said:

'Automatic enrolment is proving a big success, but it does not apply to low-paid workers. This government has consistently raised the size of the wage packet that triggers auto-enrolment, with the inevitable result - that the Pensions Regulator confirms today - that many women have been left out of what should be a pensions revolution.

'Ministers were wrong to link the earnings trigger to the income tax personal allowance, as this means that every time it goes up more women lose out on a pension.'

OPT-OUT RATE 9 PER CENT FOR FIRST 6 MONTHS OF AUTOMATIC ENROLMENT

8 August 2013

Research conducted with large employers has shown that across all the public and private sector employers in the study, the average opt out rate was 9 per cent.

The Department for Work and Pensions (DWP) conducted the research as part of their commitment to evaluate the effects of the workplace pension reforms.

The report shows analysis of opt out rates in large employers with automatic enrolment start dates falling between October 2012 and April 2013. Opt out being a key indicator of the impact of automatic enrolment on workplace pension participation.

Across the 42 employers providing detailed data, it is estimated that overall participation in a workplace pension increased from 61 per cent to 83 per cent (from around 1.2 million workers to 1.6 million workers).

For further information you can read the 8 page summary report provided by the DWP and their press release.

Full findings from this research will be published in Autumn 2013 on the DWP's research pages at GOV.UK.

FIRST EMPLOYER ISSUED WITH AUTOMATIC ENROLMENT FAILURE NOTICE

15 August 2013

The Pensions Regulator has issued its first notice to an employer which has failed to meet its automatic enrolment duties.

Professional Pensions reported that it has been revealed that The Pensions Regulator (TPR) has issued its first non-compliance notice to an employer who has failed to meet its auto-enrolment obligations.

TPR confirmed the non-compliance notice, which requires employers to make specific remedial action, was served to an un-named company in the period to 12 August.

It was also revealed that the Regulator has issued 28 warning letters to employers for minor breaches of the regulations. TPR stated that warning letters are part of its formal compliance process but do not come within its statutory powers.

THE PENSIONS REGULATOR IS HOLDING FREE AUTOMATIC ENROLMENT KNOW-HOW EVENTS

15 August 2013

The Pensions Regulator (TPR) is holding sector specific events for employers staging from 2013 to 2015 and private sector events for employers staging from 2013 to 2014.

TPR has published the following information:

Sector specific events for employers staging from 2013 – 2015

In some sectors assessing the workforce and working out who is an employee is more complex as the workforce can be made up of varied contractual relationships e.g. zero hours, casual workers and self employed.

We are holding individual sector specific events for:

- construction industry
- recruitment
- arts and entertainment
- accommodation and food services.

Each event will focus on the topics most relevant to your sector, such as the variety of contractual relationships you are likely to have. You will discover where to find tools and guides to assist you and there will be an opportunity to put your questions to the regulator.

Register now for a sector specific event.

Private sector events for employers staging from 2013 – 2014

We are hosting four half day events in London and York, designed specifically for private sector employers staging throughout 2013 and 2014. These events will help you understand and implement automatic enrolment. The events will be informative and interactive with the opportunity to share ideas, issues and challenges with your peers and put your questions to the regulator.

Register now for an event.

AUTOMATIC ENROLMENT EMPLOYER AWARENESS RESEARCH

22 August 2013

Research released this week by The Pensions Regulator shows employers are beginning to recognise the need to allow time to plan for automatic enrolment, but many could face a steep learning curve to be ready on schedule.

The proportion of medium employers who have drawn up plans and started to act on these plans has increased significantly compared to autumn 2012, from 13% to 27%. The first wave of medium sized employers, those with between 160 and 250 staff, are due to stage in April 2014. These employers should now be making sure they have compatible payroll software in place and be well on way to selecting a qualifying scheme that suits their workforce.

The Pensions Regulator's survey also indicates awareness of automatic enrolment remains high amongst all sizes of employers and attitudes supportive of the policy. Large and medium employers are significantly more positive about the changes than they were a year ago.

80% of medium employers believed automatic enrolment is a good idea for workers compared to 64% in spring 2012.

But the regulator is warning against complacency, as the research shows levels of detailed understanding remain unchanged and awareness of the need to complete registration by declaring compliance information to the regulator after staging remains low.

To avoid problems, employers should check their staging date and start their automatic enrolment plan.

The Pensions Regulator's executive director of automatic enrolment Charles Counsell said:

"The response of the largest employers to automatic enrolment has been positive and at the start of August more than 1,600 employers had returned their compliance declaration to us by registering their information.

"But the vast majority of employers are yet to go through automatic enrolment, with tens of thousands of medium-sized companies due to stage in 2014.Our call to action to employers to know your staging date and make a plan are more relevant than ever.

"This research is a key element of our understanding of how employers are responding to their new duties. We have tools and information on our website including a timeline planning tool and a suite of new guides to help employers with limited pensions experience to select a good quality scheme for automatic enrolment."

Go to research and analysis to read the Employers' awareness, understanding and activity relating to workplace pension reforms report in full. You can also find a report that includes the full data.

Key findings include

Awareness
Awareness of the changes in workplace pensions law remained high among all employer sizes. As in previous waves, awareness was lower among micro-employers (61%) than large employers (99%).

Awareness of the details of the reforms remained low in terms of the types of people who need to be assessed for automatic enrolment, the eligibility criteria and the types of earnings that need to be taken into account.

Progress
Significantly more large (62%) and medium employers (52%) felt the process would take four months or longer than in autumn 2012 (49% and 43% respectively).

A larger proportion of medium employers (up 11% to 84%) and micro-employers (up 12% to 30%) had started their preparations than in autumn 2012. 40% of small employers had started a plan.

41% of small employers said they would 'leave it as late as possible before thinking about how to comply with the introduction of automatic enrolment' consistent with 40% in autumn 2012.

Confidence
Most large employers (99%) were confident that they would have done everything needed by the deadline.

Small employers, who are not due to stage until after June 2015, remain positive about meeting their deadline. 57% were 'very confident' and 23% 'fairly confident'.

Three out of four micro-employers (74%) were confident they would be ready for their deadline.

CIPP comment
The next automatic enrolment professional bodies working group meeting will be held on 24 September where these results will be discussed further. Karen Thomson will be representing the CIPP at this meeting and if any members have any items they would like raising, please email policy@cipp.org.uk.

SMALL FIRMS CHOOSE ADVISERS FOR AUTOMATIC ENROLMENT HELP

28 August 2013

According to recent research advisers remain the preferred source of information for small firms when choosing a company pension.

IFAonline discuss the research, carried out by polling agency Populus on behalf of the Personal Finance Society (PFS) which revealed that more than two-thirds of micro (1-9

employees) and small firms (10-49 employees) do not currently offer their employees any form of workplace pension scheme, representing nearly five million employees not yet covered by employee pension.

Nearly half (49%) of small firms said they would turn to an adviser when choosing a pension, representing over half a million businesses.

Small firms fared better with auto-enrolment than their micro counterparts, with almost half (48%) now offering and contributing to a workplace pension compared with only 16% of micro employers, the survey found.

When opting for financial advice, the PFS found, small and micro-sized firms were most prepared to pay for one-off tailored advice and setting up a pension scheme and ongoing tailored advice on the pension scheme than presentations and individual financial advice to employees.

The research found that firms with a turnover of more than £500,000 were a lot more likely to want to pay for advice services than lower turnover firms.
The online survey, which was entitled Are we 'in' yet?, questioned around 500 small and micros employers following the lauch of the government's auto-enrolment reforms in October last year, and its subsequent media awareness television campaign.

Read the full article from IFAonline here.

Automatic enrolment: What workers want to know

4 September 2013

How much will it cost me? What will I get back at the end? Who's looking after my money? Have members of staff asked you any of these questions about automatic enrolment?

According to NEST (National Employment Savings Trust) these three questions are the most common ones that workers ask when they hear they will be automatically enrolled into a workplace pension scheme.

- *How much will it cost me?*
- *What will I get back at the end?*
- *Who's looking after my money?*

NEST has produced a short video, 'Three things to know about automatic enrolment', to help tackle these three core questions.

Members may find this a useful resource as it will help some staff to understand how pensions work in basic terms and it may help to reduce the number of questions you are asked when dealing with automatic enrolment.

To share the video:

- Use this link: http://tinyurl.com/nestvid3; or
- embed the video in your website or intranet using this code: <iframe width="420" height="315" src="//www.youtube.com/embed/1e75RJdFqSk" frameborder="0" allowfullscreen></iframe>

Automatic enrolment is working, but are pension contributions adequate?

10 September 2013

Recent research has shown that 55% of people are not saving enough for retirement.

Although automatic enrolment should bring more young people into pension savings, there is still the challenge of educating people as to how much to contribute to ensure there is enough money in the pot for an adequate retirement income.

A report published by Scottish Widows has examined the nation's attitudes and behaviour towards pensions saving and found that retirement savings have hit an all-time low. The report says that the average British worker anticipates stopping work around age 66 and is looking for retirement income of £25,000 a year which would require savings of £1,000 a month from the age of 30. Someone earning £25,000 and saving at Scottish Widow's benchmark 12% level would be likely to see a fall of over 50% in their income after retirement.

The report points out that starting to save at 20 rather than 30 could add 39% to retirement income. Deferring retirement from 65 to 70 could add 43% and increasing contributions by 3% of earnings every five years could add 68%.

Some of the key findings from the report are:

- Only 45% are making enough provision for their retirement, down from 46% in 2012.
- The fall in the Pensions Index is a result of fewer people who are not relying mainly on a defined contribution pension saving at the benchmark 12% level.
- 20% are saving nothing in 2013, compared with 22% in 2012.
- The gender gap between men and women is 9%, up from 7% last year. 49% of men are currently saving adequately, compared to 40% of women.
- The age gap is similar to last year. 53% of over-50s are preparing adequately, compared with 42% of those between 30 and 50. More women over 50 are saving adequately this year than last year, but fewer men. This finding is reversed for those under 50, with only 36% of women aged 30-50 saving adequately.
- Currently 55% of those earning over £30,000 are saving adequately, but only 40% of those earning between £10,000 and £30,000. This is similar to 2012, but there is evidence of lower savings among those earning over £50,000 a year.

The Scottish Widows UK Pensions Report is based on research carried out online by YouGov who interviewed a total of 5,216 UK adults over the age of 18 between 25 February and 4 March 2013.

Intermediaries rise to automatic enrolment challenge

11 September 2013

New research from The Pensions Regulator shows the vast majority of payroll administrators and accountants now expect to have some involvement with automatic enrolment.

96% of payroll administrators and 95% of accountants said they anticipate helping clients with their duties according to the research from The Pensions Regulator.

Awareness of the reforms remains high amongst the intermediary groups, which include pension scheme trustees, independent financial advisers (IFAs), employee benefit consultants (EBCs), payroll administrators, HR professionals, accountants and bookkeepers.

But new questions introduced since the spring 2013 survey show that intermediaries still have work to do to get to grips with some of the details that they are likely to be assisting with. This includes:

- the types of earnings to be assessed

- what a pay reference period is
- the duty to enrol workers who opt in during the postponement period (if used)
- the types of workers who are eligible for automatic enrolment (namely employees and contractors).

The Pensions Regulator's executive director of automatic enrolment Charles Counsell said:

"Many advisers have risen to the challenge - as well as the opportunity - presented by the roll out of automatic enrolment and are keen to assist their clients.

"The Pensions Regulator has a key role to play in supporting these intermediaries by providing the detailed information they need to help their clients prepare for automatic enrolment.

"There are still gaps in knowledge. We will be highlighting our role over the coming months to advisers ensuring they are aware of the information and help that is available to them.

"We also need to ensure advisers and employers know that the regulator is not just a source of information but also the body that all employers need to submit their automatic enrolment details to in order to be compliant."

Today's survey follows one last month into the awareness and attitudes of employers, which found 80% of medium employers believed automatic enrolment is a good idea for workers but also found low awareness of the need to register with The Pensions Regulator four months after staging.

Other key findings include:

- Levels of understanding were lower among payroll administrators (77%), trustees (67%), and lowest among accountants (60%) and bookkeepers (48%), both of whom are more likely to be dealing with employers furthest away from their staging dates.
- Most financial advisers had already helped their clients (69% of IFAs and 91% of pensions consultants).

The main challenges for HR professionals continued to concern cost, while payroll administrators were more concerned about the lack of understanding and their clients' perception that the reforms were not relevant to their business.

Awareness and understanding levels remained largely unchanged among both accountants and bookkeepers compared with autumn 2012. Many had already had some form of interaction with their clients about automatic enrolment (62% of accountants and 38% of bookkeepers).

Follow this link to read the Intermediaries' awareness, understanding and activity relating to workplace pension reforms report in full.

Achieving the 21st century pensions settlement: Beyond automatic enrolment

24 September 2013

JLT Employee Benefits has published a White Paper which makes recommendations for the next stage in pension reform. The CIPP contributed opt-out research to the report.

The research paper makes for a very interesting read, however if time is not on your side to scan the forty or so pages, the following is a short summary.

The report *'Achieving the 21st century pensions settlement: Beyond automatic-enrolment'* has two themes:

- every £1 invested must be made to work as hard as possible towards improving member retirement outcomes; and
- until trust in the pension system is restored, hard compulsion should not be considered.

The executive summary explains why these two themes are used. Pension scheme membership alone does not guarantee retirement security. For anyone other than a low earner, minimum contributions under automatic enrolment (after allowing for the prospective single tier State pension) will not provide adequate pension outcomes. Nevertheless, the only real and meaningful measure of success for the workplace pension reforms will be the outcomes experienced by those auto-enrolled. Increasing minimum contributions under automatic enrolment and/or requiring everyone to save more is not appropriate in the current economic environment.

The report's key recommendations are:

- Decommissioning DB Schemes: A lot of time is devoted to past service DB schemes and companies are spending more on DB deficit contributions than on DC pension provision for current employees. If they are expected to properly engage with their DC schemes or seriously consider Defined Ambition as an alternative, then employers need more support in their endeavours to manage down existing pension liabilities that no longer play a part in the recruitment, retention or motivation of employees.
- 'Pot Follows Member': The concept of automatic transfers should be extended to all transfers. However, to protect members from fraud and from themselves, trustees should be allowed to refuse a transfer request where they have a reasonably founded concern that pensions liberation is taking place.
- Open Market Option: Consideration of the open market option (OMO) must be made compulsory; automatic enrolment schemes should have a process to help members at retirement; and alternatives to annuities should be explored as part of the Defined Ambition initiative.
- Working Longer: Delaying retirement or, at least, full retirement has to be part of the solution for achieving pensions adequacy. We therefore need to remove barriers to working longer and ensure that workers delaying their retirement remain productive by staying healthy, so that they are not just 'retiring on the job'.

The full report can be accessed through the link below.

Achieving the 21st century pensions settlement: Beyond automatic-enrolment

Automatic enrolment: Pay reference period changes

27 September 2013

Pensions Minister Steve Webb has just announced at the CIPP's annual payroll and pensions conference, a number of changes requested by the CIPP and the payroll profession.

One that payroll professionals will be extremely pleased to hear about is that for automatic enrolment the tax period will be used as the pay reference period. This will come into force from 1 November 2013.

Other changes that require primary legislation changes will be expected next year.

We will provide further updates as and when we get them.

The future of automatic enrolment in Scotland if independence is voted in

30 September 2013

A report by the Scottish government states that the criteria for automatic enrolment would stay the same but that independence would provide an opportunity to design a new scheme in Scotland.

The 135 page paper Pensions in an independent Scotland sets out proposals from the Scottish government on how pensions policy would be taken forward in an independent Scotland.

It states that on independence, the current arrangements for automatic enrolment in Scotland would continue - its staged roll-out and the criteria for automatic enrolment and contribution levels would be the same.

However it also states that a future Scottish government would be able to vary arrangements for automatic enrolment in order to ensure effective implementation of the policy. The report goes on to say that in considering any changes to the current arrangements, it would be important to achieve a balance to ensure that the level of employee contribution is not onerous and that the impact on employers, particularly small and medium-sized enterprises, is proportionate and affordable.

The use of NEST (National Employment Savings Trust) is discussed in the report saying that the Scottish government would work with the UK government on transitional arrangements to ensure that individuals and employers in Scotland continue to have access to NEST and that individuals' rights and entitlements which have accrued in NEST would continue to be accessible. However, the report also proposes that a Scottish equivalent of NEST – the Scottish Employment Savings Trust (SEST) - should be established to assist smaller employers in particular to meet their obligations under automatic enrolment. It would be for a future Scottish government to work with the pensions industry in Scotland and all other stakeholders on the design of SEST to ensure that it was fit for purpose.

CIPP comment
The Scottish Independence Referendum takes place in less than a year on 18 September 2014. The policy team will be keeping a close eye on proposed changes under a possible independent Scotland as pensions and automatic enrolment will not be the only area to affect payroll professionals and employers.

Members may already be aware that regardless of whether full independence is voted in in Scotland or not, the introduction of a Scottish Income tax is still set to take place in 2016. The CIPP policy team continue to be part of both the High Level and Technical consultation groups and will continue discussions on the detail of how Scottish income tax will work for all employers in the UK. We will of course keep members updated with relevant news.

The Pensions Regulator: awareness reports, case studies and updated guidance

2 October 2013

The Pensions Regulator (TPR) has published reports on Intermediaries' and Employers' awareness, understanding and activity in relation to workplace pension reforms.

The Employers' awareness report includes research on:

- Awareness and understanding of automatic enrolment

- Attitudes towards the changes
- Preparations for the changes
- External advice.

The Intermediaries' awareness report includes research on:

- Awareness and understanding of automatic enrolment
- Knowledge of more detailed aspects of automatic enrolment
- Awareness of client staging dates
- Sources of information on automatic enrolment
- Knowledge of TPR and use of its website as an information source
- Current and expected provision of assistance to clients
- Level of service being provided or likely to be provided by intermediaries
- Likelihood to charge for services relating to automatic enrolment
- Main challenges in helping clients/employers meet deadlines.

TPR has also published a selection of case studies from real employers who have gone through the automatic enrolment process, including their tips on key steps.

Those of you who are familiar with The Pensions Regulator website will know that they are continually revising their employer guidance. The most recent updates went live on 30 September and can be accessed here.

CIPD automatic enrolment podcast

3 October 2013

The Chartered Institute of Professional Development (CIPD) has produced an automatic enrolment podcast aimed at the SME community.

Most large employers should have now commenced their automatic enrolment duties; however the small and medium employers will be coming on board over the next few years. With this in mind the CIPD are pleased to share with CIPP members a podcast aimed at supporting the SME.

CIPD automatic enrolment podcast

Payroll Software Developers – Origo publishes 7 new standards

9 October 2013

Software developers may be interested in the draft pension standards produced by Origo for automatic enrolment.

Origo has published Draft A Standards arising from work to sub-divide the automatic enrolment Employee List Standard into process-specific components.

Published Standards
This work has given rise to 7 new Standards listed below:

Postponement and Estimation

- Postponement and Estimation Data

Assessment

- Assessment Data
- Assessed Employee List
- Assessed Employee List (Tailored for Enrolment)

Enrolment

- New Members (Standard)
- New Members (Expanded)
- Opt-Outs, Opt-Ins and Joiners

Summary and context documents
Additionally, in response to Working Group feedback, Origo has prepared a document summarising which Standard is designed to meet which data flow within our end-to-end view of the Auto Enrolment process. This document can be found here.

A further document containing a summary of the changes applied to the data items for each of the 7 Standards following Working Group review of the BRD can be found here: here.

A full updated Business Requirements Document (BRD) will follow in due course.

Firm hit with TPR fine after moving to private sector

11 October 2013

A former public sector firm was threatened with a fine by The Pensions Regulator (TPR) because its pension and payroll were still handled by the NHS.

Rowanmoor Group, which advised the firm, said the case highlights the importance to small businesses of checking their staging dates.

After becoming a private company, the firm's pension and payroll continued to be administered by the NHS under its original PAYE reference number. This meant TPR expected the company's staff to be automatically-enrolled at the same time as their former NHS colleagues, whereas if the group had its own PAYE reference number, this would not have been the case.

When the deadline for the company's staging date came around, it was issued with a TPR fine for non-compliance.

Rowanmoor liaised with TPR to amend the firm's staging date to March 2016 and warned that many small businesses that had previously been part of the public sector, such as infrastructure companies and local councils, may also face confusion or inadvertently fail to comply with automatic enrolment.

Rowanmoor consultancy administration manager Janet Bower warned this case was unlikely to be an "isolated example."

She said it was vital for businesses to check their staging date by inputting their PAYE reference on the regulator's website.

TPR website makes improvements to its automatic enrolment planner

14 October 2013

The Pensions Regulator (TPR) has changed its website content to make it even easier for employers to find the information, tools and guidance they need to fulfil their automatic enrolment duties.

Careful and timely planning is essential when preparing for automatic enrolment. To help employers with the planning process TPR has produced its automatic enrolment planner. This is an essential interactive tool to help you understand what you need to do and when. It now includes:

- a registration calculation and deadline marker
- case studies from employers who have been through the process
- common myths around automatic enrolment
- costs where they might occur throughout the process:

Any employer preparing for automatic enrolment should find it helpful, but it's of particular relevance to you if:

- you employ between 50 and 249 staff
- every member of staff is based in the UK
- you have one Pay As You Earn (PAYE) scheme
- you have or are planning to set up a defined contribution (DC) pension scheme

Once you've used the staging date tool, clicking on the link 'Create your plan for automatic enrolment' will allow you to see your plan instantly.

View the TPR website to begin creating your plan.

Technical changes to automatic enrolment – consultation response published

14 October 2013

The Automatic Enrolment (Miscellaneous Amendments) Regulations 2013 have been laid before Parliament and bring certain technical changes into force from 1 November 2013.

The Automatic Enrolment (Miscellaneous Amendments) Regulations 2013 that were laid before Parliament on 11th October change the existing legislation so that:

- Employers can choose to use alternative definitions of pay reference periods for both assessing jobholder status and determining whether a scheme is a qualifying scheme.
- The automatic enrolment joining window is extended from one month to six weeks.
- The deadline for employers to provide information to individuals on their opt in and joining rights is extended to six weeks.
- The deadlines for registration and postponement notices fit with the extended joining window.
- The extended deadline for passing worker contributions to a pension scheme applies to all new joiners (including contract joiners).
- The opt out notice provisions make clear that schemes can customise notices.
- There is greater clarity and consistency concerning the requirements for defined benefit test schemes in relation to the appropriate age, service limits and revaluation that apply in those schemes.

The final changes either give employers more options or extend deadlines for existing processes without changing the processes themselves. The secondary legislation laid before Parliament on 11th October brings the majority of changes into force on 1st November 2013. The only exceptions are the change to the joining window and registration deadlines that will come into force on 1st April 2014.

CIPP comment
As previously published, the Pensions Minister Steve Webb announced at the CIPP's Annual Payroll and Pensions Conference that these changes would be coming into force. The CIPP is pleased the DWP has listened to the concerns of employers and payroll software providers to help employers comply with their automatic enrolment duties. It will be important for employers to confirm with their software providers when they intend to make any changes to their automatic enrolment software, as whilst most changes are effective from 1 November many software providers will not be able to distribute amendments in two weeks.

For further details, the government has published their response to the consultation on draft regulations and other proposed technical changes to automatic enrolment.

Employers may not pass on consultancy charges to members of automatic enrolment schemes

16 October 2013

Regulations have come into force preventing employers from passing on consultancy charges to members of automatic enrolment defined contribution (DC) schemes.

Lexology reports that the Occupational and Personal Pension Schemes (Automatic Enrolment) (Amendment) Regulations 2013, add a new requirement that the rules of an automatic enrolment scheme must not permit employers to agree to pay third parties using money:

- taken from contributions made to the scheme;
- taken from investment proceeds of or capital gains of the scheme; or
- raised by reducing the value of the jobholder's rights under the scheme.

A "third party" for this purpose means any person other than the jobholder, trustee or manager of the scheme (in the case of occupational pension schemes) or provider of the scheme (in the case of personal pension schemes).

The condition does not apply if the employer entered into a legally enforceable agreement to pay a third party (in the above manner) before 10 May 2013, the date the government announced its plans to prohibit employer payments to third parties in this way. The DWP has, however, indicated that it will consult this autumn over whether to extend the prohibition to agreements entered into before this date.

The new requirements only apply to employers. Trustees or managers of DC occupational pension schemes and providers of personal pension schemes may pay administration charges (including charges levied to pay commission owed under agreements with third parties).

Automatic enrolment six month count down for medium sized employers has begun

21 October 2013

The clock is ticking for thousands of medium sized employers across the UK who have six months to go before their duty to automatically enrol workers into a work-based pension begins.

Figures released by The Pensions Regulator show that more than 1.7 million workers have already been automatically enrolled by their employers. More than 2,000 large employers have complied with their automatic enrolment duties and the regulator is stressing that by now medium sized employers should have plans in place to do the same. Leaving preparations too late can risk non-compliance and this can come at a cost.

Go to research and analysis to view the automatic enrolment monthly registration report.

Over the past few weeks, The Pensions Regulator has sent around 6,000 letters to employers alerting them to begin finalising their preparations to meet their duties under automatic enrolment legislation. Thousands more letters calling employers to action will follow between now and Christmas.

More than 5,000 employers will be subject to their statutory duties concerning automatic enrolment in April next year. They represent the first wave of medium sized employers due to implement automatic enrolment. Hot on their heels will be more than 20,000 employers – with fewer than 250 workers – who will reach their staging date between May and July. The staging date is the date that an employer's statutory duty is switched on.

The regulator recommends that employers due to stage in April next year should by now have identified a suitable pension provider and software provider as well as any outside help they may need. They should also have started checking which of their workers they will need to automatically enrol and communicating with them about the changes.

In order to ensure they are fully aware of what they need to do to, employers are urged to go to the regulator's website. The handy timeline planner will help them to tailor their own individual plan. There is also plenty of information about identifying a suitable pension scheme and software provider and assessing and communicating with workers. There is also information about employers' ongoing duties.

Lessons learned from larger employers who have already implemented automatic enrolment show the importance of being certain that your pensions provider can provide what you need and that your payroll systems are compatible – employers should test their systems in advance of their staging date.

Follow this link to read TPR's full press release.

NAPF calls for automatic enrolment contribution increases

22 October 2013

The National Association of Pension Funds (NAPF) has said that the next government must start raising automatic enrolment rates towards 12 to 15 per cent to manage expectations of savers.

Professional Pensions has reported that in her keynote speech to NAPF conference last week, chief executive Segars applauded the "green shoots of pension recovery" triggered by the successful introduction of automatic enrolment - but outlined low contribution rates as a major outstanding issue for the industry.

She said: *"There aren't many of us who think that the 8% contribution is enough to deliver a decent pension. It's a good start and certainly better than zero, which is the reality for too many today.*

"But now we are going to have to brave up to this issue, as 12% or 15% are more commonly seen as being the right kinds of benchmarks. We need to start managing expectations now - and set the trajectory so it is a gradual increase.

"This is a challenge for the next government - not the one after that or the one after that. I recognise that it's difficult to have these types of discussions, but we can't dodge them."

However the Confederation of British Industry (CBI) says that the NAPF call to increase contributions is “deeply misguided”. CBI director for employment and skills Neil Carberry said the suggestion would upset the "delicate balance" of the market as automatic enrolment is extended to small employers.

He said that the current system is a delicate balance designed to deliver the consensus that has made automatic enrolment a success so far and we should remember that automatic enrolment is one part of a much wider set of responses to the challenge of an ageing society.

Carberry said, *"The Pensions Commission chose 8% for a reason. Any suggestion of a change, just a year into the roll-out and before the vast majority of firms are involved at all, is deeply misguided. State mandated minimum contributions must be affordable for all companies and workers."*

He also agreed that "more could be done" by employers to encourage workplace saving, but said decisions should be made in light of the circumstances of individual companies. And added that this is also a discussion that needs to be seen within the wider economic context of a slow recovery and falling disposable incomes, not just the narrow lens of pensions policy.

Carberry also dismissed outgoing NAPF chairman Mark Hyde Harrison's call for a single pensions regulator, as The Pensions Regulator (TPR) "regulates companies, not financial institutions".

Pensions minister Steve Webb also rejected Hyde Harrison's suggestion of a merger between TPR and the Financial Conduct Authority (FCA), saying a "huge amount of effort" is going into ensuring the two organisations comprehensively monitor the market.

Free automatic enrolment webinar hosted by The Pensions Regulator

28 October 2013

This free webinar is taking place on 21 November and includes an opportunity to put your questions to the experts on automatic enrolment.

When assessing your workforce, take care to establish who is a worker for the purposes of the new automatic enrolment duties. You must consider each individual who works for you, even those who work on a casual basis, or have a ‘main job’ elsewhere.

Join Rebecca Woodley and Neil Esslemont, from our industry liaison team in this free hour-long webinar on the 21 November 2013 at 11.30am, as they discuss identifying what staff to assess, calculating pension contributions and using ‘qualifying earnings’ as the definition of pensionable pay.

The webinar includes an opportunity to put questions to Rebecca and Neil.

Visit The Pensions Regulator website to register for this webinar.

TPR publish new automatic enrolment software guide

5 November 2013

To reflect the recent technical changes to automatic enrolment, new guidance has become available specifically for software developers.

The Regulator will be obtaining feedback and therefore this guide may be updated again in the near future.

A detailed guide to Automatic enrolment for software developers

About this guidance (excerpt from guide)
This guidance is aimed at software developers involved with payroll applications and wider business applications, for example HR and pensions administration that may be involved in supporting an employer in complying with their new automatic enrolments duties.

It is of particular relevance to developers with employer customers who have more than 53 persons in their PAYE scheme. This is because with the staggered introduction of the new duties employers with more than 250 persons in their PAYE scheme will become subject to the new duties during the current financial year. Employers with between 54 and 249 persons in their PAYE scheme will become subject to the new duties during the 2014-2015 financial year. It is also of relevance to developers with employer customers who have more than 250 persons in their PAYE scheme as this guidance also covers the technical changes made to the legislation from 1 November 2013 and includes the addition of cyclical automatic re-enrolment.

This guidance is a comprehensive guide to the key concepts in automatic enrolment included in the 'core' payroll routines and wider routines supporting the end-to-end duties. It describes the employer duties using a technical notation and may not be suitable for a more general readership.

For a more general readership we have published a series of guides that cover all aspects of the new pension duties for employers. These are available at www.tpr.gov.uk/detailed-guidance. In addition we have a range of short introductory information and online tools available at www.tpr.gov.uk/beginner.

This version of the Software guide has been updated to include cyclical automatic re-enrolment and re-registration and the technical changes made to the legislation from 1 November 2013 and those that come into effect on 1 April 2014. Annex C provides details of the significant changes made to this guidance.

This guide will be updated to reflect changes to the values of the qualifying earnings thresholds and the automatic enrolment trigger point, and any other relevant legislative change. Developers can sign up to the news-by-email service on the regulator's website to find out when the guide has been updated and published: www.tpr.gov.uk/news.

Automatic enrolment charge cap could force 90,000 scheme reviews

5 November 2013

Up to 90,000 employers would be forced to review their defined contribution (DC) schemes if a charge cap was introduced, according to a government paper.

The Department for Work and Pensions (DWP) is currently consulting on a range of options to crack down on excessive charges in DC, including a cap of 0.75% or 1% on annual fees.

In its impact assessment on the report, the DWP states that 90,000 schemes would need to be reviewed if the limit was set at 0.75%.

If the cap was set at the higher level, the number of schemes that would need reviewing would be between 25,000 and 35,000.

The pensions industry has warned that many employers due to begin auto-enrolling staff in 2014 will not have enough time to react to any changes introduced as a result of the consultation.

Read the full press release from IFA Online.

Defined Ambition workplace pensions consultation published

8 November 2013

A consultation 'Reshaping workplace pensions for future generations' has been published which looks to provide a way forward towards both reforming and reinvigorating workplace pensions.

Traditional final salary defined benefit schemes which give the consumer certainty are in terminal decline. Automatic enrolment means significantly more savers will be joining workplace pension schemes: the market is growing and employers and industry are already thinking about their future pension provision.

The Defined Ambition Industry Working Group was set up last summer to look at the market gap in relation to affordable pension guarantees and to provide the products consumers are seeking. Over the year this Group have held extensive discussions with a wide range of providers and employers and the proposals contained within this consultation provide a way forward towards both reshaping and reinvigorating workplace pensions. They offer a range of new options that will be attractive to different employers and their employees – all part of a new framework that looks beyond the current regulatory extremes of defined benefit and defined contribution.

The Minister of State for Pensions, Steve Webb says in the foreword that new forms of pension – defined ambition pensions – can create high quality provision that will appeal to employees as well as employers. He goes on to say that removing some of the regulatory constraints imposed in the past will allow new flexible forms of defined benefit pensions, which will enable employers to continue to offer pensions to members with a high level of certainty, but with much greater flexibility over the nature of benefits provided.

The CIPP policy team will review this consultation and issue a survey to collect member views, if deemed appropriate.

Public consultation: Reshaping workplace pensions for future generations

Pensions update on Defined Ambition scheme proposals

11 November 2013

Further to the publication of the consultation on Defined Ambition pension schemes, Pinsent Masons has published an informative news piece on the possibilities for employers.

Defined ambition (DA) schemes are intended to provide a third way between defined benefit (DB) schemes and defined contribution (DC) schemes. DA schemes should be cheaper for employers than DB schemes, while offering members more certainty over their retirement incomes than DC schemes. The consultation paper proposes changing the law to allow various forms of DA scheme to be established. Employers should start considering now whether a DA scheme might suit them better than their current pension scheme.

Follow the link below to read more from Pinsent Masons.

Proposed defined ambition schemes open up possibilities for employers

The Pensions Regulator launches automatic enrolment business sector compliance visits

21 November 2013

The Pensions Regulator has carried out the first in a series of in depth fact finding visits to business sectors that may face automatic enrolment compliance challenges.

The move marks the launch of a proactive drive towards different sectors and demonstrates how the regulator will use direct intervention to ensure employers comply with their statutory duties and help establish a pro compliance culture.

The regulator's automatic enrolment compliance and enforcement team visited a number of recruitment employers where they were able to have an in-depth look at how these employers are implementing automatic enrolment.

The recruitment sector was identified through our intelligence work in line with the compliance and enforcement proportionality framework which is part of the automatic enrolment compliance and enforcement policy.

View the compliance and enforcement policy in strategy and policy.

The recruitment sector faces significant compliance challenges and was particularly important to target because more than 1,000 recruitment employers are due to reach their staging date between April and July next year. The staging date is when an employer's automatic enrolment duties are switched on.

The visits were made to prevent and tackle possible breaches, ensure compliance, learn lessons and share good practice among the industry. The regulator wants to reduce the likelihood of enforcement action by identifying and, where possible addressing problems early. As a result of information gathered from the visits, the regulator will be issuing compliance guidance tailored for the recruitment sector.

Read more from TPR.

Automatic enrolment detailed guidance

28 November 2013

The Pensions Regulator has published a new version of the Employers Detailed Guides on automatic enrolment.

Changes to regulations came into force on 1 November 2013 and these changes are now reflected in the detailed guides. In addition TPR has added new guidance on automatic re-enrolment and have expanded the resource on information to workers into a guide.

The guides are listed as follows:

1. Employer duties and defining the workforce

2. Getting ready

3. Assessing the workforce

    3a. Postponement

    3b. Transitional period for DB and hybrid schemes

3c. Having completed the assessment

4: Pension schemes

5. Automatic enrolment

6. Opting in, joining and contractual enrolment

7. Opting out

8. Safeguarding individuals

9. Keeping records

10. Information to workers

11. Automatic re-enrolment

Detailed guidance resources

Further information:

A detailed guide to Automatic enrolment for software developers – 5 November 2013

Automatic enrolment hits the two million mark

18 December 2013

More than two million workers have begun saving into a workplace pensions scheme as a result of automatic enrolment, according to figures released by The Pensions Regulator.

Automatic enrolment began in October 2012 and is rolling out from the largest to the smallest employers across the UK. All employers, including charities and the public sector, will eventually need to assess their workforce and automatically enrol eligible workers into a pension scheme.

This month's automatic enrolment registration report shows that more than 3,500 employers have now joined the workplace pensions revolution and submitted an online declaration of compliance by completing registration with The Pensions Regulator.

You can view the automatic enrolment monthly registration report in research and analysis.

Hundreds of staff at the charity the British Heart Foundation have been automatically enrolled, helping push the figure past the two million landmark.

The new year will see a leap in the number of firms affected, with tens of thousands of medium employers introducing automatic enrolment. The Pensions Regulator is urging all employers to make sure they know when they must introduce the changes, or 'stage'.

Charles Counsell, executive director of automatic enrolment at The Pensions Regulator said:

"If they have not done it already I would hope the first thing every employer does when they get back to work after the Christmas break is to check their staging date and prepare for automatic enrolment. The clock is ticking and if employers don't plan ahead they could face unnecessary challenges and costs in the New Year.

"It's really important to arrange your pension provision in plenty of time. We urge employers to have an agreement with a provider in place six months before staging. Don't just assume the first provider you contact will be able to help you."

Employers who have staged, including the catering company Elior and the retailer Kingfisher, have been keen to advise others, who have yet to automatically enrol, to allow plenty of time to plan for automatic enrolment.

The regulator's website has a tool for employers to check when they are due to stage and another that helps them plan ahead to avoid unnecessary complexity and cost.

Go to the staging date tool.

Automatic enrolment earnings threshold 2014/15

18 December 2013

The DWP has announced the proposed annual thresholds for the 2014/15 tax year which sees the earnings trigger increase to £10,000.

The values shown below will be published in an Order (a form of secondary legislation) by the DWP (Department for Work & Pensions) and laid before Parliament in 2014 and so are subject to Parliamentary approval.

It is expected that the thresholds for the individual pay frequencies that will be included in that Order when it is laid before Parliament will be as shown below. However, you should note that these expected proposals will be subject to the Parliamentary process and so may change. We will update our news pages accordingly.

Expected Earnings thresholds for the next tax year

2014-2015	Proposed Annual threshold
Lower level of qualifying earnings	£5,772
Earnings trigger for automatic enrolment	£10,000
Upper level of qualifying earnings	£41,865

Expected proposed values by pay reference period						
2014-2015	1 week	Fortnight	4 weeks	1 month	1 quarter	Bi-annual
Lower level of qualifying earnings	£111	£222	£444	£481	£1,443	£2,886
Earnings trigger for automatic enrolment	£193	£385	£770	£834	£2,500	£5,000
Upper level of qualifying earnings	£805	£1,611	£3,221	£3,489	£10,467	£20,933

Earnings thresholds for the current tax year

Pay reference period							
2013-2014	Annual	1	Fortnight	4	1	1	Bi-

		week		weeks	month	quarter	annual
Lower level of qualifying earnings	£5,668	£109	£218	£436	£473	£1,417	£2,834
Earnings trigger for automatic enrolment	£9,440	£182	£364	£727	£787	£2,360	£4,720
Upper level of qualifying earnings	£41,450	£797	£1,594	£3,188	£3,454	£10,363	£20,725

Earnings thresholds for previous tax years

Pay reference period								
2012-2013	**Annual**	**1 week**	**Fortnight**	**4 weeks**	**1 month**	**1 quarter**	**4 monthly**	**Bi-annual**
Lower level of qualifying earnings	£5,564	£107	£214	£428	£464	£1,391	£1,855	£2,782
Earnings trigger for automatic enrolment	£8,105	£156	£312	£624	£676	£2,027	£2,702	£4,053
Upper level of qualifying earnings	£42,475	£817	£1,634	£3,268	£3,540	£10,619	£14,159	£21,238

CIPP comment

*Following the announced thresholds, TUC General Secretary **said**,*

"Every time the government raises the auto-enrolment threshold another group of workers, most of whom are women, drop out of saving for their pension. With the average part-time salary just under £9,000 a year, the majority of the UK's six million part-time workers will no longer be automatically enrolled into a workplace pension."

Whilst the CIPP agree that the increase in the earnings trigger will prevent mostly women with an average part-time salary being part of a pension scheme, from an administration point of view it does simplify the process for employers who only have to deal with one set of thresholds.

Automatic enrolment earnings thresholds 2014/15

10 January 2014

The DWP announced the proposed annual thresholds for the 2014/15 tax year in December and although the annual figures should remain as published, the proposed earnings trigger values by pay reference period are likely to be slightly different.

The annual thresholds are expected to remain the same.

2014-2015	Proposed Annual threshold
Lower level of qualifying earnings	£5,772

Earnings trigger for automatic enrolment	£10,000
Upper level of qualifying earnings	£41,865

The Pensions Regulator has advised that the revised proposed earnings trigger for 2014/15 are as shown below in the table (revised figures are shown in bold).

Expected proposed values by pay reference period						
2014-2015	**1 week**	**Fortnight**	**4 weeks**	**1 month**	**1 quarter**	**Bi-annual**
Lower level of qualifying earnings	£111	£222	£444	£481	£1,443	£2,886
Earnings trigger for automatic enrolment	**£192** (£193)	**£384** (£385)	**£768** (£770)	**£833** (£834)	**£2,499** (£2,500)	**£4,998** (£5,000)
Upper level of qualifying earnings	£805	£1,611	£3,221	£3,489	£10,467	£20,933

We were advised at the time of publication that the values are to be published in an Order (a form of secondary legislation) by the DWP (Department for Work & Pensions) and laid before Parliament in 2014 and as such are subject to Parliamentary approval.

We will issue confirmation as soon as the values have been approved by Parliament.

Guidance updated on contractual enrolment and automatic enrolment

16 January 2014

The Pensions Regulator has updated their guidance to make it clear that contractual enrolment is not the same as automatic enrolment.

The guidance focuses on:

- Contractual enrolment requires worker consent - automatic enrolment does not
- Schemes currently used for contractual enrolment need to be reviewed if they're to be used for automatic enrolment
- Rules on worker communication are different under automatic enrolment – especially relating to ceasing membership.

Full details can be viewed through the link below.

Contractual versus automatic enrolment – January 2013

The Pensions Regulator publishes Employer Staging Forecast

27 January 2014

TPR has published an updated forecast showing how many employers reach their staging date each quarter, to assist pension providers, advisers and other intermediaries with capacity planning.

The forecast sets out TPR's expectations of when medium, small and micro employers are likely to become subject to automatic enrolment duties. They have provided here to assist

pension providers, advisers and other intermediaries with capacity planning, but it should only be used as a broad indicator.

This forecast is based on PAYE information as at 1 April 2012 and is an estimate, based on a number of assumptions, of the number of employers' PAYE schemes expected to become subject to the automatic enrolment duties.

The figures underline the scale of the challenge ahead, with around 30,000 medium-sized employers (50-250 workers) reaching their staging date between this April and the end of the year.

For full details view the four page forecast on TPR's website.

NEST research shows 2014 stagers face fundamental challenges in getting automatic enrolment right

28 January 2014

2014 employers have three fundamental gaps that could present challenges when meeting the new workplace pension requirements: an experience gap, a knowledge gap and a reality gap

New findings released today by NEST show that employers staging in 2014 have three fundamental gaps to deal with as they meet their automatic enrolment challenges. Identified as the experience gap, knowledge gap and reality gap, NEST warns that, compared with their predecessors, second year employers may not be engaging enough with the detail of the reforms in order to successfully manage their duties.

The report, NEST Insight, commissioned by national not-for-profit pension scheme NEST, found that first year employers successfully navigated their way through the legislation thanks to their pensions experience and knowledge and by dedicating enough time to the project. However, many reported that implementing the duties took longer than expected. The research found that 20 per cent of first year employers had taken over 16 months to get ready, despite previously offering a pension scheme to at least some of their workers. Even with this level of preparedness and experience, 66 per cent found meeting their duties more difficult than anticipated.

Commenting on the findings, NEST chief executive Tim Jones said:

"The success of automatic enrolment so far, with low opt-out rates and over 2.5 million workers automatically enrolled in a workplace pension, is due in large part to the efforts of first year employers. 2014 sees a new set of employers meeting their duties and they may find it more difficult than their predecessors. Our research suggests that 9 out of ten employers will expect help to fill any gaps in experience, expectations and knowledge.
'Our research also suggests that intermediaries are gearing up to help, but it's vital that providers, intermediaries and employers work together to ensure the next wave of employers can meet their duties successfully."

NEST insight identifies three gaps that employers may need help to tackle in 2014 and beyond:

The experience gap
Around a third of 2014 employers are likely to either not offer any pension scheme at all or just have a shell stakeholder scheme in place, while all 2013 employers had offered a pension. Only around half (52 per cent) said that they had a good understanding of pensions compared with 96 per cent of earlier stagers.

The knowledge gap

The research suggests that not only do some employers lack knowledge about pensions, but they haven't engaged with the detail of the reforms – for example, only 53 per cent of employers staging between February and July 2014 are aware that they can postpone enrolments for up to 3 months, with only 12 per cent planning to do so. This compares with around half of 2013 stagers applying a waiting period. The employers NEST interviewed found it difficult to map out the process they intended to follow as they had limited knowledge of the details of the reforms.

The reality gap
Results from TPR's latest tracking survey with employers found that only one in 10 employers staging in 2014 say they plan to leave it as late as possible to comply. This plan to be ahead of their deadline is at odds with the insight that only 23 per cent of employers staging between February and July 2014 have both confirmed the provider they'll use and that they've done everything else they need to do in order to be ready to comply. This suggests that employers are not getting the message that they need to plan ahead, and are underestimating how much work is involved and how long implementation may take them.

CIPP comment *(from page 58 of Nest insight)*

The CIPP has been impressed by the way in which employers and payroll software providers have embraced automatic enrolment in 2013. 2013 also saw the Minister of State for Pensions, Steve Webb demonstrating that he has listened to employers, payroll software providers and representative bodies to help simplify some of the very complex rules. However where will we be in 2014?

The CIPP still has major concerns for the smaller employer, in particular those who are due to stage between May and July 2014. It is critical that businesses understand their obligations to ensure they don't fall foul of the legislation. No one knows what the capacity capability of the pensions industry will be and we hope businesses and employers have seen the adverts and talked to their pension providers or financial advisors to ensure they are ready.

A lot of middleware products have come on to the market and employers need to weigh up the costs versus administration. Different products will be required depending on what the employer has in place now, or might need in the future to meet their obligations. One point to bear in mind is that if 30,000 employers all go to their pensions providers, middleware or payroll software provider in the month before they are due to stage they will likely not meet their staging date! The CIPP would urge all employers due to stage next year to plan now - don't be left behind.

Supporting this research, the CIPP has recently launched the automatic self-assessment exercise to assist employers with ensuring their readiness for automatic enrolment. Details can be found here.

'NEST insight' annual research report can be viewed on the CIPP website.

Give pension opt-outs 'lost contribution' statements, think-tank urges

29 January 2014

Employees who opt-out of workplace pensions should be given regular 'statements' of their lost employer contributions, tax-relief, and what their pension pot would have been worth - to encourage them to opt back in.

The proposal is one of several published alongside new research on what drives employees to reject workplace pension saving, even when employer contributions are available.

'Who Saves for Retirement?' analyses data from the biannual, government-funded UK Wealth and Assets Survey.

The research is being published by the Strategic Society Centre think-tank, in partnership with the Institute for Social and Economic Research (ISER) at the University of Essex, and made possible by Prudential.

'Who Saves for Retirement?' deploys sophisticated statistical modelling to measure the association that multiple factors have on whether workers save into their employer pension scheme.

The proposal for pension opt-out 'statements' comes in response to findings on the influence that attitudes to spending, consumption and 'loss avoidance' have on decisions to save into a workplace pension.

The analysis found non-savers were more likely than savers to say: they prefer to spend than save for the long term (50% compared to 42%); and, prefer a good standard of living today to saving for retirement (45% compared to 31%). Non-savers were also found to be measurably less financially patient than savers.

The government launched a major shake-up of UK workplace pension saving in October 2012, based on ensuring all employees have access to a decent workplace pension scheme with the offer of employer contributions, and automatically enrolling non-savers into their pension scheme.

The Department for Work and Pensions (DWP) has said that between October 2012 and October 2013, more than 1.9 million workers were automatically enrolled across nearly 3,000 employers. Among the first tranche of employers subject to the reforms, the DWP reports the average opt-out rate among workers automatically enrolled into a pension by their employer was around 9%.

James Lloyd, co-author and Director of the Strategic Society Centre, said:

"We have always known some workers would opt-out of their workplace pension after being automatically enrolled. The government now needs to develop additional measures for encouraging saving among workers who reject their employer scheme, even when employer contributions are available.

"Given the tendency toward 'loss-avoidance' among non-savers in our research, the government should ensure workers opting out of their employer pensions are given regular statements setting out the contributions they have missed out on, and what their accumulated pot would be worth."

Tim Fassam, Head of UK Public Affairs, Prudential, said:

"Relying on the State alone will see many people retiring below the poverty line and shows the importance of building up a personal pension. Virtually everyone with the option of a company pension should take advantage of that, and the tax relief and employer contributions that go with it. When combined these often come to more than double the amount of pension contribution the employee has to make.

"Maintaining your standard of living in retirement means saving as much as possible as early as possible and joining a company pension scheme, where feasible, is for most people one of the best ways to secure an income in retirement. But that alone may not be sufficient to provide the retirement you want so think about talking to your employer or a financial adviser about other ways to top up your savings."

Mark Bryan, co-author and Senior Research Fellow at the University of Essex, said:

"Even accounting for people's different financial and household circumstances, we found that a preference for living today over saving for the future was a strong predictor of their pension saving decisions. People less willing to delay the receipt of income were both more likely to leave a workplace pension and less likely to join one. The results emphasise that pension saving is not just about financial incentives but also about how the benefits of saving are perceived."

CIPP comment
The CIPP fully supports any initiative to encourage employees to save for retirement, however the question has to be asked as to who would be responsible for creating and distributing these 'regular statements'? Employers do not need any additional administrative burdens so could the pension provider provide the statements? There would still have to be some communication with the employer as the provider would not know if an employee was still with the same employer? If this initiative is realised, we hope that there will be full and thorough consultation on the detail, which the CIPP will of course ensure they are involved in.

Who will help the firms caught in the automatic enrolment capacity crunch?

31 January 2014

The Pensions Regulator recommends employers should allow at least six months to prepare for automatic enrolment but we're only a couple of months away from a predicted pensions 'capacity crunch'.

Plansponsor share some insights:

So are advisers stepping up to the plate to help smaller employers? Will smaller employers just opt for a multi-employer scheme so advice isn't really needed? Or does the possible introduction of a charge cap next year mean getting advice is more important than ever?

While to some the term capacity crunch may sound like a breakfast cereal, its implications are very serious for employers without the relationships or money to employ a traditional pensions consultant. So are the likes of independent financial advisers and accountants – who small companies claim they will rely on for auto-enrolment help – stepping up to the plate?

This week saw the publication of a report from master trust NOW Pensions, claiming 55% of IFAs, who are either currently advising or intend to advise on auto-enrolment, are concerned about their ability to service the increasing volume of SMEs that will be seeking guidance in 2014, while 21% of IFA firms plan to take on new staff.

But PLANSPONSOR UK also revealed this week while IFAs may be planning to recruit new staff, this hiring boom has failed to materialise thus far.

Read more…….

Technical changes to automatic enrolment – exceptions to employer duties

17 February 2014

The government has published their response to the consultation on exceptions to the automatic enrolment employer duties.

Currently, the automatic enrolment legislation relies solely on the jobholder to determine whether they should opt out of pension saving. The Department for Work and Pensions (DWP) state that it became apparent during the early days of live running that pension saving, or further pension saving, may not be appropriate for everyone.

In March 2013 the DWP issued a consultation 'Technical Changes to Automatic Enrolment: Public consultation on draft regulations and other proposed changes'.

Within this consultation proposals were described to insert a clause in the Pensions Bill to provide regulation making powers to exclude workers of a prescribed class or description from the scope of automatic enrolment. As well as setting out some ideas on how such a power might be used, the DWP asked respondents to tell them if there are categories or descriptions of worker for whom automatic enrolment is inappropriate.

The DWP want to offer employers some more flexibility, so that in a limited number of specific situations, affecting only a small number of workers, employers are not obliged to go through the process of automatic enrolment. This will also benefit individuals for whom pension saving is not appropriate, who will not have to go through the process of being automatically enrolled and having to opt out. The consultation looked at a range of proposals to dis-apply the statutory obligation on employers to put certain groups of workers into pension saving.

Views were sought on four situations, where further private pension saving may not be in the best interest of a worker. The responses received reinforced representations already made that there is a strong case for government to permit employers not to enrol workers who:

- have tax protected status for existing pension savings
- are on the brink of leaving employment
- have given notice of imminent retirement
- recently cancelled membership after being contract joined.

The DWP remain confident that the right to opt out remains the most suitable option for all other workers who do not wish to remain in pension saving.

The next step is to develop proposals for workable exceptions that provide real value for both individuals and employers. Also being considered is how to accommodate circumstances where an employer may not know about the person's individual circumstances (the tax issues are a prime example). Final proposals will be brought forward, with a draft Statutory Instrument for consultation in due course. Any regulations are subject to Royal Assent for the Pensions Bill currently before Parliament.

Read the full response to the consultation on exceptions to the employer duties.

Are you fully prepared for your automatic enrolment duties?

24 February 2014

The Pensions Regulator (TPR) continues to support employers through automatic enrolment webinars.

According to TPR if you're three to five months from your staging date then you should know the answers to the following questions:

- *Have you chosen a pensions scheme yet?*
- *What payroll software are you going to use to automate the processes?*
- *Have you assessed your workforce to see who you'll need to automatically enrol?*
- *Have you thought about communications to your staff?*

- *If you are using professionals to help you with automatic enrolment have you been in contact with them?*
- *Are you going to use postponement?*

Join Neil Esslemont and Rebecca Woodley from the regulator at 11.30 on 13 March 2014 as they discuss practical advice and tips for these preparations.

There will be a question and answer session at the end of the webinar where you will be able to pose your questions. Follow this link to register.

If you cannot attend the webinar or you are an employer 6 months away from your staging date then you may find the TPR's six month checklist useful. The checklist reminds you of the preparations you need to have in place before your staging date and also outlines what you must do once your staging date arrives.

Pensions regulator investigates 500 suspected AE breaches

11 March 2014

The Pensions Regulator investigated more than 500 suspected breaches of automatic enrolment legislation in just six months.

IFA online reports that The Pensions Regulator (TPR) investigated more than 500 suspected breaches of automatic enrolment (AE) legislation in just six months and 590 in total since October 2012, figures show

As a result, the regulator took action under its compliance and enforcement policy in 134 instances, to 29 January this year.

Responding to a Freedom of Information (FoI) request from *IFAonline's* sister title *Professional Pensions*, TPR revealed three compliance notices have been issued to companies failing to complete registration, while a further compliance notice was issued to an employer that failed to establish a scheme.

The compliance notices were dated between August 2013 and this January.
An unpaid contributions notice was also served on 6 December 2013, while a statutory inspection of a company was carried out on 30 October 2013.

TPR sent 101 warning letters

In addition, TPR delivered 28 instructions to companies at risk of non-compliance prior to end of January 2014, and 101 warning letters for minor alleged breaches were sent in the same period.

The 590 investigations into possible AE non-compliance included cases where employers themselves contacted the regulator with concerns ahead of staging, TPR said.
It also included some smaller employers who requested their staging date be moved forward, while other cases were as a result of reports from whistle blowers.

In July, TPR revealed it had launched 89 AE non-compliance investigations. A month later, it confirmed it had issued its first compliance notice.

Automatic enrolment scores 3 million

14 March 2014

More than three million workers have now started saving into a workplace pension scheme as a result of automatic enrolment.

Over 3 million workers have begun saving into a workplace pension scheme as a result of automatic enrolment, according to figures from The Pensions Regulator.

The 3 millionth worker is employed by West Ham United, whose Vice Chairman Karren Brady backed the roll out of the new workplace pension scheme.

This month's automatic enrolment registration report shows that more than 10,000 employers of all types from charities to supermarkets, hospitals to football clubs have now automatically enrolled their workers.

July 2012 – end February 2014

1. Employers that confirmed to the regulator they have met their duties by registering during the period	10,503
2. Total workers of the registered employers in 1 above, comprising:	15,274,000
i) eligible jobholders automatically enrolled into an automatic enrolment pension scheme	3,210,000
ii) workers who are already active members of a qualifying scheme on the staging date	7,782,000
iii) eligible jobholders who have had the defined benefit or hybrid scheme transitional arrangements applied to them	414,000
iv) workers who do not fall into the above categories	3,868,000

These figures were released in The Pension Regulator's monthly registration report, which can be viewed in full here.

Automatic enrolment earnings thresholds 2014/15

18 March 2014

The automatic enrolment thresholds have now completed the Parliamentary process and will come into effect from 6 April 2014.

The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2014 confirms the annual thresholds and rounded figures by pay reference period as shown in the tables below.

2014-2015	Annual threshold
Lower level of qualifying earnings	£5,772
Earnings trigger for automatic enrolment	£10,000
Upper level of qualifying earnings	£41,865

Values by pay reference period						
2014-2015	**1 week**	**Fortnight**	**4 weeks**	**1 month**	**1 quarter**	**Bi-annual**
Lower level of qualifying earnings	£111	£222	£444	£481	£1,443	£2,886
Earnings trigger for automatic enrolment	£192	£384	£768	£833	£2,499	£4,998

Upper level of qualifying earnings	£805	£1,611	£3,221	£3,489	£10,467	£20,933

TUPE changes to reduce automatic enrolment mismatch

20 March 2014

The Department for Work and Pensions (DWP) has confirmed that employers inheriting staff on transfer will be able to pay pension contributions at the former company's automatic enrolment rate.

It means that businesses that receive workers on a Transfer of Undertakings and Protection of Employment (TUPE) basis will no longer have to pay up to 6% matching contributions, if the transferring company enrolled the employees at a lower rate.

In the government's recently published consultation response on the Transfer of Employment (Pension Protection Amendment) Regulations, it said that receiving employers will be able to pay contributions at the same level that were paid immediately prior to transfer, as long as the scheme was a money purchase one.

Excerpt from response
The interaction of the automatic enrolment requirements with the pension protection legislation could require some employers to pay much higher contributions than would be required to comply with their automatic enrolment duties. Under automatic enrolment it is possible that an employer could automatically enrol its employees in an occupational money purchase or stakeholder scheme with initial minimum contributions of 1% from the employer and 1% from the employee. If such employees are transferred to a new employer during the initial automatic enrolment phasing period, the new employer could then be required to pay contributions at the rate of 6%. This would increase costs for business beyond that envisaged under automatic enrolment, and could also lead to the transferred employees being placed in a more favourable position than they would have been had they remained with their former employer.

Approved amendment
In order to address this impact the Government proposed that transferee employers should be able to satisfy the "relevant contributions" provisions of the pension protection legislation by matching the contributions paid by the transferor immediately prior to the transfer, instead of having to match the level of contributions chosen by the employee up to the 6% maximum.

The amended regulations will come into effect from 6 April 2014.

Intermediaries' awareness, understanding and activity in relation to automatic enrolment

21 March 2014

TPR report shows that while 82% of small employers are aware of the changes, 47% still don't know when they will need to act.

The Pensions Regulator has published their report on intermediary awareness, understanding and activity in relation to automatic enrolment.

Key findings from the employer research shows:

- 82% of small employers are aware of the changes, 47% still don't know when they will need to act

- One in four micro employers know their staging date, compared with half of small employers and four out of five mediums
- The vast majority of intermediaries are aware of automatic enrolment
- Most intermediaries understand the automatic enrolment duties and have higher levels of detailed knowledge than in spring 2013. A significant number of payroll administrators and accountants are more aware and knowledgeable than a year ago, although some gaps in knowledge still remain
- While most IFAs, accountants and payroll administrators are planning to, or are already helping their clients, bookkeepers and HR professionals are less involved
- Awareness of The Pensions Regulator is high among most adviser groups although again, bookkeepers and HR professionals are less aware
- Almost all accountants plan to be involved with automatic enrolment and also think their clients will rely on them for help and advice, a third however only expect to make their clients aware.

Six different intermediary types were included in the survey. Interviews were conducted with those groups providing or planning to provide advice to external organisations about the automatic enrolment process, namely Independent Financial Advisors (IFAs), Human Resources (HR) professionals, payroll administrators, accountants and bookkeepers. Pension scheme trustees were also included.

This report summarises the results from the survey conducted in Autumn 2013, highlighting differences by intermediary type, and referring to the previous survey waves where comparisons are relevant. The report also makes occasional reference to the regulator's Autumn 2013 report 'Employers' awareness, understanding and activity relating to workplace pension reforms'.

The report groups the different audiences into three different intermediary types, as follows. The report provides the research findings for each of these in separate sections.

- financial advisers: Independent Financial Advisers (IFAs), who generally deal with small and medium employers, with between five and 249 employees;
- business advisers, who generally provide employers with a range of business services, including automatic enrolment (payroll administrators and HR professionals who generally deal with all sizes of employers and accountants and bookkeepers, who provide services mainly to micro/small employers);
- pensions trustees, who are generally dealing with medium/larger employers, ie, those with 50 or more employees.

Follow the link below to read the full report.

Intermediaries' awareness, understanding and activity in relation to automatic enrolment

Ceridian finds overall opt-out rates only 5.4%

28 March 2014

Detailed analysis by Ceridian, one of the UK's leading HCM technology and service providers, of 244,061 auto enrolment records across 77 organisations reveals overall opt-out rates of only 5.4 per cent with opt-out rates among the young the lowest.

Melissa Goddard, director of pension solutions, at Ceridian UK said: *"The overall opt-out rates across a large and representative sample of organisations have shown opt-out rates lower that most quoted averages. Furthermore, there is little difference in opt-out rates between any age groups up to 50. These average around four per cent but then rise to seven*

per cent for the 50 to 60 age group and then, rather unsurprisingly, rise sharply to 19 per cent for the over 60s. The opt-out rate for the under 25s is the lowest of all the groups at just 3.8 per cent, backing up what Steve Webb MP, Minister for Pensions, announced at our recent customer conference.

"Opt-out rates among females are less than males. And our analysis by different industry sectors shows that the lowest opt out rates are in industry sectors that have lower paid workers. Interestingly, the TV advert for automatic enrolment featured certain industry sectors that have some of the lowest opt out rates, such as construction and manufacturing, so maybe the advert resonated with them."

Opt-out Rates, by Age

Age Band	Opt-out %
<30	4.1
30> - <40	4.1
40> - <50	3.9
50> - <60	6.6
60>	18.7
<25	3.8

Opt-out Rates, by Gender

Gender	Opt-out %
Female	5.1
Male	5.6

CIPP comment
If you are yet to stage and need to evaluate your readiness for automatic enrolment, why not complete the CIPP's self-assessment exercise? Details can be found here.

The Pensions Regulator publishes updated automatic enrolment guides

8 April 2014

Detailed guides have been updated to reflect the 2014/15 threshold changes for automatic enrolment.

A revised Software Guide taking into account the new thresholds is now available along with an updated Test Data Companion, which now includes examples of tax period PRPs and Re-enrolment.

There is also a summary document covering the technical changes and updates within the Software Guide for those who have already built AE within their product(s).

Detailed Guides have also been updated to reflect the 2014/15 threshold changes.

Automatic enrolment: feasibility of providing bulk staging date information

11 April 2014

A trial process is now underway aimed at agents who hold more than 500 employer PAYE scheme references.

Employers, and agents acting on behalf of employers, can find their automatic enrolment staging date using the Staging Date tool* on The Pensions Regulator's website by entering their PAYE scheme reference.

The Pensions Regulator is currently looking at the feasibility of providing bulk staging date information to software providers, service providers and others who act on behalf of multiple employers. A trial process is now underway aimed at agents who hold more than 500 employer PAYE scheme references.

For more information about how you can take part in this trial please contact AEDataRequest@thepensionsregulator.gsi.gov.uk.

For exceptions **follow this link.*

General Pensions News

PENSION SAVINGS ANNUAL ALLOWANCE CALCULATOR

20 February 2013

The online pension savings calculator has been updated in response to customer feedback.

The calculator has been changed so that it now works out the carry forward amount when the pension input amount is known. A separate calculator has been created to work out the pension input amount when this isn't known. The calculator can be found at the HMRC website.

THE PENSIONS REGULATOR RECORD KEEPING REVIEW

1 March 2013

In 2010 The Pensions Regulator (TPR) published guidance on record-keeping. This included record-keeping targets for pension schemes in respect of 'common' data like member names, addresses and dates of birth.

The deadline for meeting these targets was 31 December 2012.

The TPR will select over 200 schemes for the review which will start in early March and will involve information being requested from the schemes about their record-keeping.

The schemes chosen will be a mixture of old, new, DB, DC, contract and trust-based schemes and contact will be made via the administrators, although trustees will be informed that the review is taking place.

Being selected does not necessarily mean that TPR expect there to be problems with a scheme's records. However, if they find breaches of legislation during the review they may consider taking enforcement action.

To ensure TPR has up-to-date contact information for your scheme, including the details of your chair of trustees and administrator, you can review your information via Exchange.

WITHDRAWAL OF CONTRACTING-OUT DEFINED CONTRIBUTION (DC) FORMS

11 March 2013

The CA series of forms have been available on the HMRC website for the last year to allow time for any late notifications to be submitted, following the abolition of contracting out on a defined contribution basis from 6 April 2012.

These forms will be removed from HMRC website on 1 April 2013 so if you are yet to make arrangements to secure protected rights and have not yet notified HMRC of these arrangements you should do so as soon possible.

TPR OBJECTIVE WILL ALLOW EMPLOYERS TO CUT CONTRIBUTIONS

22 March 2013

The Pensions Regulator's new objective to consider employers' growth prospects is expected to allow struggling companies to cut back on contributions.

Reports Professional Pensions

Chancellor George Osborne announced in the Budget this week that TPR would be equipped with a fresh objective to consider the sustainable growth of employers, in a bid to free-up private sector investment that is being channelled into pension deficits.

Experts believe the move will ease funding pressure on sponsoring employers with defined benefit schemes by giving them a stronger hand in negotiations with trustees.

But some commentators have raised concerns that this will make TPR's other objectives to protect members and the Pension Protection Fund more precarious.

Broadstone actuarial director John Broome Saunders said the move marked "a clear shift in the balance of power".

He said: "The majority of DB scheme sponsors will want to argue that sustainable growth requires greater investment in their business, and thus lower contributions to fund pension deficits.

"Larger deficits mean less security for members, and a heightened chance that schemes end up cutting benefits and being dumped in the PPF."

Hargreaves Lansdowne head of pensions research Tom McPhail argued there is a danger the approach will merely "kick the funding problem down the road".

McPhail said: "There isn't enough money in the pension system to pay all the promised benefits and there probably never will be. Some scheme members will have to take a cut in their benefits, the only question is how evenly the pain gets shared out."

Towers Watson senior consultant Adam Boyes said the change could impact how funding agreements between employers and trustees are policed - but he added the Budget had not given companies a "green light" to reduce contributions.

Others have welcomed the move, arguing a strong sponsoring employer is more important for a pension scheme in the long term.

Lobby groups the National Association of Pension Funds and the Confederation of British Industry both welcomed the decision.

PwC pensions partner Jeremy May said the move would help ensure employers are not met with "unmanageable" funding obligations.

He said: "It is in the best interests of the pension scheme members and the Pension Protection Fund that an employer does not become unnecessarily weakened as the result of the trustees' demands."

IMPROVEMENTS TO HMRC PENSIONS ONLINE

28 March 2013

HMRC has made a number of enhancements to Pension Schemes Online, which will be available from 6 April 2013.

The online service will be unavailable for a few days around this date to allow these changes to be made. Please see the service availability pages at HMRC website for exact details.

The enhancements impact on:

Annual allowance scheme pays

From 2011-12, the annual allowance for tax relief on pension savings for individuals was reduced, resulting in more people being liable to an annual allowance charge. Where an individual has an annual allowance charge liability above £2,000 they can, in certain circumstances, elect for the pension scheme to pay part or all of the charge on their behalf. Scheme administrators must report the tax charges using the quarterly Accounting for Tax (AFT) return. For annual allowance charges arising in 2011-12 this would mean reporting by the quarter ending 31 March 2014 and filing the AFT and paying the tax charge by 15 May 2014. Administrators opting to pay part or all of the annual allowance charge will also need to specify the tax year to which the charge relates when completing the AFT.

Transfers to qualifying recognised overseas pension schemes (QROPS)

Since 5 April 2012 all transfers to a QROPS have been reported by scheme administrators on form APSS262.
Accordingly, two questions on the Event Report which relate to QROPS will be removed from Event Reports for 2013-14 and later as they will no longer be relevant. Event Reports for 2012-13 and before will retain these questions.

Scheme registration of investment regulated reportable changes

Scheme administrators registering a scheme at present can specify that the scheme is investment regulated and that all of those investments held by the scheme comprise contracts or policies of insurance.

From 6 April 2013 scheme administrators registering a new scheme will only be asked to specify whether the scheme is investment regulated or not.
The corresponding question about insurance has been removed from both the registration process

OTS REPORT - PENSIONER TAXATION

23 January 2013

The office of Tax Simplification has issued its final report on Pensioner Taxation.

The report sets out a number of recommendations for change. The recommendations have been grouped within two key areas, administration and policy (legislation).

The recommendations for legislative change, the report states, would remove complexity in the tax system whereas if the government were also to accept the recommendations for administrative change, this would simplify the system, making it much easier for pensioners to comply with their obligations and to claim their entitlements, which the report highlights, does not always happen now, due to a mix fear and a "lack of understanding of the tax system." "There are significant lessons here for HMRC and the Department for Work and Pensions (DWP) about the need to improve communications with pensioners."

The report provides full details of all recommendations and makes for interesting reading. One recommendation which may be of interest to those of us approaching our tax year end, is
"…that every April the DWP issues a P60 type form (DWP60) stating the amount of taxable income (from the State Pension and other taxable state benefits) which a pensioner was entitled to in the previous tax year. This would give pensioners an accurate figure for their taxable state income and enable them to check they are paying the right amount of tax…"

The OTS have also recommended that HMRC introduce a single composite PAYE coding notice (form P2C) which would bring together the various codes for each source of income in PAYE and would provide reconciliation along with a clear explanation and the opportunity for pensioners to spot errors much more easily than is currently the case, which in turn should provide greater reassurance.

The recommendation that the HMRC/DWP communication review, should also "*…include a review of current communications about how the State Pension is taxed, clearer information about how personal allowances, and tax codes operate and which documents and figures pensioners need to be aware of…*"

To read the recommendations in full along with Analysis and provisional costing assessments from HMRC and the DWP, please visit the HM Treasury website.

GOVERNMENT RESPONSE TO OTS RECOMMENDATIONS IN REVIEW OF PENSIONER TAXATION

11 April 2013

The OTS have published the government responses that have been made to their recommendations following the OTS review of pensioner taxation.

Back in January we reported news of the publication of the Review of Pensioner Taxation: Final Report by the Office of Tax Simplification. The report contained a number of recommendations which the government have recently responded to.

The response can be read in full at the website of the OTS, however it confirmed that HMRC will be looking in to providing some form of annual tax statement to pensioners. It is likely to be rolled out as an online service in line with HMRC digital strategy.

HMRC will also review how composite PAYE coding notices could be delivered and will keep the OTS updated.

If you were thinking that DWP appear to have got off lightly in this response, they have formed a steering group with aims to review pensioner communications.

Confirmation was included in the response that the Blind Persons Allowance will not be abolished, in favour of providing a grant, however HMRC will explore what steps can be taken to make the process for claiming the allowance easier.

PENSION INDUSTRY BUSINESS UPDATE ISSUE 5

11 April 2013

National Insurance Services to Pensions Industry have published an update for March 2013.

The update includes information about:

- NISPI Website
- Scheme Cessation Current Issues
- Change of contracting-out status
- Forms CA9174 & CA9175
- Shared workspace memebershop2013 GMP increase and section 148 orders
- Single-tier pensions
- Change of GMP revaluation rate on buy-out
- National Insurance and Pay As You Earn Service (NPS) Processing Dates 2013-14
- COCIS update

PENSION LIBERATION – THE ISSUES AND THE TAX IMPLICATIONS

23 April 2013

HMRC has provided some information about the subject of Pension Liberation which aims to explain what Pension Liberation is and what the significant tax implications are, amongst other things, the guidance highlights that there are no legal loopholes for liberating your pension.

Pension Liberation - the cost of accessing or unlocking your pension early, looks to explain fully how it works and most importantly highlight the risks that you are taking by deciding to take some or all of your pension early.

As Pension savings are intended to provide for retirement, there are strict rules as to when money can be taken out of a pension scheme before you turn 55 and should you decide to transfer and take some or all of your pension savings early there will be a substantial tax charge to pay.

Unscrupulous firms are using misleading information to promote personal loans or cash incentives in an attempt to entice savers to access their pension pots early. Very often they say there is a legal loophole so you don't pay tax. There is no legal loophole.

LATE PAYMENTS STATISTICS INCREASE COULD SIGNAL BIGGER PROBLEMS

23 April 2013

An increase to the number of later payments to pension schemes could be indicative of bigger problems for employers.

Pinsent Masons have reported that there was a 35% increase in the number of late payments to pension schemes flagged by the Pensions Regulator in 2012. Trustees of pension schemes are legally required to inform the regulator when contributions from employers are received late, particularly if they remain unpaid after 90 days and are of "material significance".

"Time and again we have seen in insolvency proceedings that when companies are in distress pension payments are deferred or not paid at all in an attempt to free up cash,"

White said. "This can buy time but creates - or adds to - a deficit while the business tries to trade its way out of trouble."

"The latest increase does raise real concerns. A proportion of this increase can be put down to the increase profile and vigilance of the regulator and improved compliance by industry – and particularly the insurance companies administering the schemes. However, those factors alone do not sufficiently explain the trend," he said.

The number of late payment reports the regulator received from pension scheme trustees rose from 6,787 in 2011 to 9,172 in 2012, according to the figures. According to Pinsent Masons, this is the highest number of late payment notifications received by the regulator in five years; higher even than the number of delayed employer contributions at the height of the financial crisis.

The Pensions Regulator has the power to impose penalties or even criminal sanctions on companies that do not pay pension scheme contributions in time. Guidance on funding defined benefit (DB) pension schemes in the current economic climate, published by the regulator in April, indicated that companies should carry on funding schemes in accordance with plans already in place unless there had been a "change in an employer's ability to pay".

AUTOMATIC TRANSFERS: CONSOLIDATING PENSION SAVINGS

24 April 2013

Plans have been announced that aim to help employees take their workplace pension with them when they change job.

Introducing automatic transfers is projected to reduce the proportion of people reaching retirement with five or more dormant pots from a quarter to one in thirty.

The proposal will be included in the forthcoming Pensions Bill.

Minister for Pensions Steve Webb said:

“Instead of having lots of small pension pots all over the place, we want people to have a “big fat pot” which will buy them a better pension. When people change job, they often leave behind a pension pot which becomes forgotten and which can even attract higher charges once they leave the firm.”

“We want to make it the norm that when you move job your pension rights can move with you if you wish. This will reduce the costs of providing pensions and will help people to be much more engaged with their pension savings.”

Initially transfers will only be for money purchase schemes. Those in defined benefit occupational pension schemes will not be included at this stage.

Pension scheme providers and administrators will operate the transfer but individuals will be provided with information and have the right to opt out of the process.

Full details of the proposals can be read Automatic transfers: consolidating pension savings

MULTIPLE REGULATORS RISK CREATING GAPS IN GOVERNANCE STANDARDS

26 April 2013

The Work & Pensions Committee have called on the government to reassess the case for establishing one body with sole responsibility for regulating workplace pensions.

The Report calls on the Government to reassess the case for establishing one body with sole responsibility for regulating workplace pensions. Noting concerns over current gaps in regulation and the potential for further gaps to arise as a result of now having three regulators with a role to play, the Report argues that a single regulator is necessary to ensure that all members of workplace pension schemes are adequately and consistently protected.

Commenting on the Report, Dame Anne Begg MP, Chair of the Work and Pensions Select Committee, said:

"Under auto-enrolment millions of people will be brought into pension saving for the very first time. The need for rigorous pension scheme governance has never been more vital.

"It is essential that all members of workplace pension schemes are protected from poor governance, irrespective of the particular scheme they are in. We do not believe this is always the case under the current regulatory system and evidence from the regulators failed to convince us otherwise. On the contrary, we are concerned that current gaps in regulation will be exacerbated by the fact that we now have not two, but three regulators involved – The Pensions Regulator; and the new Financial Conduct Authority and Prudential Regulation Authority, set up to replace the FSA.

"The Government should reassess the case for establishing one body with sole responsibility for regulating workplace pensions. This body must be invested with sufficient powers to ensure that all members of workplace pension schemes are given the level and consistency of protection they need.

"The plethora of costs and charges that can be applied to pension pots are not only confusing, they can seriously impact on an individual's retirement income. We are particularly concerned about member-borne consultancy charges and those charges applied to deferred members – people who stop contributing to their pension scheme. Neither can be justified; both should be banned.

"The trend towards lower pension scheme charges is welcome. However, a good average is not sufficient and we remain concerned by the potential for consumer detriment in schemes that persist in retaining high charges. The Regulator should carry out an urgent review of these outliers and take action if it considers this necessary. The Government should also regularly review its policy on capping charges for auto-enrolment schemes and must act without hesitation if it becomes apparent that some members are at risk of detriment."

"Consumers are also continuing to lose out when they buy annuities because pension providers are not doing enough to ensure people are aware that they can shop around for the best annuity rate rather than being obliged to buy an annuity from their pension provider. We believe that it should be mandatory for pension providers automatically to supply their customers with a comprehensive breakdown of all the annuity rates available to them from different providers."

The quality of communications between pension providers, employers and scheme members will play an important role in determining future outcomes from private pension saving. The Report calls on Government, regulators, and the pensions industry to work together to agree a communications format that sets out clearly the basic, essential pieces of information which pension schemes should provide to their members.

Dame Anne Begg said:

"The current poor standard of communications is a serious cause for concern and needs to be addressed. This is not a case of the more information the better. It is about providing only the information that is relevant to employers and employees, and presenting it as clearly and

simply as possible, rather the current deluge of complicated documentation which pension scheme members currently receive."

PENSIONS COME UNDER THE SPOT LIGHT IN THE RED TAPE CHALLENGE

26 April 2013

Following an examination of the regulations covering private pensions by the Department for Work & Pensions, the Pensions Minister has now unveiled a set of measures aimed at easing the administrative and regulatory burden on employers.

Whilst the review found the legislation to be largely fit for purpose, a number of stakeholders highlighted key areas in need of improvement. These included disclosure of information rules which have built up over the past 25 years governing what, when and how pension schemes communicate with their members.

Pensions Minister Steve Webb said:

"We took a forensic look at regulations covering private pensions as part of our work on the Red Tape Challenge, and the good news is we found they are mostly working well. But far from resting on our laurels, we are finding new ways to cut red tape and ease the burden of regulations on employers."

"Our changes will save businesses millions of pounds, by streamlining and improving rules governing what, when and how pension schemes must communicate with their members."

"We are also giving the Pensions Regulator a new objective to ensure a company's need for sustainable growth is part of its pension scheme funding negotiations."

Key outcomes of the DWP's Red Tape Challenge work include:

- Simplifying disclosure of information rules, to harmonise requirements across different schemes and extending the use of electronic communication, such as email or websites

- A new statutory objective for the Pensions Regulator better balancing the need to protect members' benefits with the need for sponsoring employers to be able to grow in a sustainable way.

- More work to see how the current processes relating to employer debt that cause difficulties for charities and others participating in multi-employer schemes could be improved.

- Considering whether to make indexation for future accruals discretionary as part of on-going work to encourage risk sharing through new 'Defined Ambition' pensions.

OCTOBER MINUTES – PENSIONS INDUSTRY STAKEHOLDER FORUM

30 April 2013

HM Revenue & Customs has recently published the latest set of minutes from the Pensions Industry Stakeholder Forum.

Minutes 17 October 2012**.** This forum focuses on operational, rather than policy, issues and is the main route of engagement between HMRC and representative bodies.

The Policy team sits at this forum and if you have any issues that you would like to put forward to the agenda of this forum, please contact Samantha Mann on samantha.mann@cipp.org.uk

MORE POWER NEEDED BY REGULATORS IN THE FIGHT AGAINST PENSION LIBERATION

2 MAY 2013

The case for strengthening the powers of The Pensions Regulator (TPR) to fight against the increase in Pension Liberation was made by the TPR Chairman Michael O'Higgins at the recent regulation conference of the National Association of Pension Funds.

The fight against pension liberation scams would be easier if The Pensions Regulator (TPR) had more power to act against offending firms, its chairman Michael O'Higgins has said.

Speaking at the National Association of Pension Funds regulation conference, O'Higgins said it would be easier to soften the impacts of liberation schemes on consumers if TPR had the power to force pension liberation outfits to return customers to their previous financial positions.

He said: "We can only act after the fact, and make people aware of the issue.

"It might help if we had the power, as the Financial Conduct Authority (FCA) does, to put things back to the way they were. This doesn't help if the money has left the jurisdiction, but could go some way."

O'Higgins (pictured) added that there might be actions HM Revenue & Customs (HMRC) could take to help prevent scheme members being duped by the scams.

"HMRC required schemes to be registered with it until A-Day. We now have to decide whether this is worth doing again."

He urged scheme managers and trustees to inform TPR if they have any suspicions about a member's transfer request.

He said: "Refer it to TPR as the same names keep popping up. We are gathering all the marketing information that we can, but these people keep forming new companies."

O'Higgins said there have been "frequent downloads" of the regulator's scorpion-branded information pack on pensions liberation, and its trustee leaning tool on the issue.

Thank you to IFAOnline**.**

THE PENSIONS ADVISORY SERVICE ADDS NEW MATERIAL

7 May 2013

In recognition of the growing number of pension savers The Pensions Advisory Service (TPAS) have updated and added to, the material that can be found at their website to help the growing number of users and visitors accessing information and publications.

The newly revised series of factsheets provide more detailed information on topics such as income drawdown, the annual allowance and taking lump sum payments. These spotlights can be found on the publications page.

A series of short videos have also been added to help inform savers on the subject of automatic enrolment and the importance of saving for retirement.

Marta Phillips OBE CA, Chief Executive of TPAS said: "*I am delighted this work has been completed as it gives us the foundation we need to make it more relevant for people seeking information and guidance from TPAS. Users of the website and social media links can look forward to further developments which will enable them to find the information they need."*

Alison Bailey, Head of Policy and Technical Development at TPAS said: "*With over 3 million visits to our website in the last year, we know that more and more people are seeking help and support with their pensions. We hope that the new content will make it easier for people to find the information they need, as well as encourage more people to save for retirement."*

The Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of company, personal and stakeholder schemes.

THE PENSIONS REGULATOR – ANNUAL FUNDING STATEMENT 2013

8 May 2013

The Pensions Regulator (TPR) has published its 2013 annual funding statement to help pension scheme trustees and sponsoring employers to agree valuations and deficit recovery plans.

The Pensions Regulator has published its 2013 annual funding statement to help pension scheme trustees and sponsoring employers to agree valuations and deficit recovery plans that protect the interests of retirement savers, whilst also being affordable for employers facing challenging economic conditions.

The regulator's chair Michael O'Higgins said:

"I want to see pension trustees agree long-term strategies with employers that protect the interests of retirement savers, whilst also enabling viable businesses to thrive and grow. We expect them to mitigate the risks to their scheme, but this does not require them to be overly prudent.

"As our analysis shows, circumstances differ greatly between schemes. Many are in a relatively strong position and our starting point will be that schemes should consider whether to maintain present levels of deficit contributions as agreed at the last valuation. But some employers will struggle to pay that level of contributions - and may need to make use of the flexibility within the system."

The 2013 statement makes clear that trustees can use the flexibility available in setting the discount rate to calculate future liabilities (known as 'technical provisions'), based on the yield held by assets of the scheme and / or the yield on Government or high-quality bonds, to best fit their circumstances.

Full details of the TPR press release can be found at the Pensions Regulator website.

HMRC - ANNUAL ALLOWANCE AND PENSION PROTECTION FUND TECHNICAL UPDATE

9 May 2013

HM Revenue & Customs has published technical update and impact assessment information as a result of changes to secondary legislation which affect the Annual Allowance (AA) and Pension Protection fund (PPF).

This Annual Allowance – technical improvements will impact upon members of registered pension schemes who have savings for a tax year in excess of the Annual Allowance. Scheme Administrators of registered pension schemes along with advisers of clients who are members of registered pension schemes will also be affected.

This legislative change has become necessary to increase the flexibility of the Annual Allowance 'scheme pays' facility along with making an addition to the information that scheme administrators must provide to HMRC in connection with this facility.

The new regulations will come in to force on 31 May 2013. The change to scheme administrators reporting requirements will apply to returns made on or after this date, and the easement to the scheme pays rules will have retrospective effect from 6 April 2013.

The Pension Protection Fund – miscellaneous amendments will affect some individuals who are, or who will, receive 'pension' compensation from the Pension Protection Fund (PPF) in place of pension benefits originally due from the registered pension scheme.

Regulations will be introduced to ensure that pension compensation payments made by the PPF which are subject to a pension compensation sharing order, or are lump sums below certain limits (trivial commutation lump sums) will be taxed in the same way as if the payment had been made by the original registered pension scheme.

The regulations will also ensure that certain small value lump sum payments to be made in respect of money purchase funds will be treated for tax purposes in the same way as trivial commutation lump sums.

The legislation will apply from 31 May 2013

Full details of both amendments and the impact assessments can be found at the HMRC website.

DWP - PENSION STAKEHOLDERS NEWSLETTER

13 May 2013

Following a recent flurry of announcements and publications affecting the world of Pensions the DWP's Pensions Stakeholder Team have circulated a Newsletter update.

Pensions Bill - As you will have seen, in the Queen's Speech at the State Opening of the 2013 - 2014 session of Parliament on Wednesday [8 May 2013] the Government announced its intention to introduce the Pensions Bill. The Bill was introduced into Parliament yesterday [9 May 2013] and has been published today [10 May 2013]. Steve Webb, the Minister for Pensions, tabled a Written Ministerial Statement this morning outlining the key elements in the Bill. The Written Ministerial statement can be found at: http://www.parliament.uk/documents/commons-vote-office/May-2013/10th-May-2013/9.DWP-Pension-Reform.pdf and the full Pensions Bill, and explanatory notes, can be found at http://services.parliament.uk/bills/2013-14/pensions.html

In addition to the publication of the Pensions Bill we have also published a number of supporting documents. I've provided direct links to each document below, but they are also available on the Pensions Bill webpage on GOV.uk https://www.gov.uk/government/organisations/department-for-work-pensions/series/pensions-bill

Pensions Bill Impact Assessment - The impact assessment has been revised to factor in changes since we published the draft Bill Impact Assessment in January. The Impact Assessment can be found at https://www.gov.uk/government/publications/pensions-bill-impact-assessment

Delegated Powers Memorandum - This identifies the provisions for delegated legislation in the Bill, explains the purpose of the powers, why they are left to delegated legislation and the parliamentary procedure selected for the exercise of these powers. The Delegated Powers Memorandum can be found at https://www.gov.uk/government/publications/pensions-bill-delegated-powers-memorandum

Response to the Work and Pensions Select Committee's report - Today, the Government has published its response to the Work and Pensions Select Committee's report of the pre-legislative scrutiny on Part 1 of the draft Pensions Bill. The Department would once again like to thank all of those who submitted written evidence to the Committee and those who gave Oral Evidence. The Government's response can be found at https://www.gov.uk/government/publications/part-1-of-the-draft-pensions-bill-resonse-to-select-committee-report

Main changes to the Bill since publication in draft - There have been some changes to Part 1 of the Bill since it was published in draft in January 2013 and these are detailed in the Annex to the response to the Work and Pensions Committee report. The most significant changes are in response to recommendations from the Committee, to specify in the Bill both the implementation date for single tier and that the Minimum Qualifying Period for the single-tier pension will not exceed ten years.

A number of additions have also been made to the Bill - The Bill and supporting products provide more information about the various measures but in brief these are:

- provision for a system of automatic transfers of small pension pots, details of which were set out in *Automatic transfers: consolidating pension savings* which was published on 23 April;
- a measure to withdraw short service refunds for people who leave a money purchase occupational pension scheme within two years;
- the introduction of a new statutory objective for the Pensions Regulator in relation to its functions under Part 3 of the Pensions Act 2004 (scheme funding), to minimise any adverse impact on the sustainable growth of an employer;
- a power to require pension levies to be paid in respect of past periods (for those schemes covered by a Crown guarantee, where an exemption from payment of the levies would give rise to incompatible state aid); and
- a number of additional amendments to the Pensions Act 2008 and the Pension Schemes Act 1993 in relation to automatic enrolment, designed to address technical issues and clarify existing powers ahead of the next major staging milestone for automatic enrolment in spring 2014:
- technical changes to transitional arrangements for hybrid schemes to ensure they operate as intended where a scheme offers both money-purchase benefits and defined benefits (as announced in December 2012);
- a power to make regulations to exclude specified groups of individuals from automatic enrolment where it is clear that automatically enrolling them would run counter to policy intent (e.g. people with enhanced or fixed tax protection);
- an amendment to section 16 of the Pensions Act 2008 to provide a broader power to prescribe, in regulations and statutory guidance, how any limitations imposed on charges in qualifying schemes would apply in practice. As announced this morning, we intend to publish a consultation this autumn and this amendment to the primary

legislation will enable the Government to take targeted and effective action accordingly;

- an amendment to section 124 of the Pension Schemes Act 1993 so that the protection offered within it to employees in respect of, or on behalf of, whom pension contributions remain unpaid at the time of their employer's insolvency is extended to workers and agency workers.

Consultancy Charges - Included in Steve Webb's Written Ministerial Statement this morning [10 May 2013] is the Government's intention to ban consultancy charges in automatic enrolment schemes. This follows a review undertaken by the department over the last six months. The Minister also announced the Government's intention to publish a consultation this autumn. The consultation will set out proposals including a cap on default fund charges in Defined Contribution schemes.

HMRC PUBLISHES PENSIONS NEWSLETTER NUMBER 57

14 May 2013

HMRC has published the May 2013 edition of the HMRC Pension Schemes Services Newsletter. Covering topics including:

- Changes to the Annual Allowance and Lifetime Allowance
- Pension Liberation
- Trivial Commutation and similar payments
- Improvements to Pensions Guidance; and
- Pension Scheme Registration

It is available to view on HMRC's website

HMRC - DRAFT STATUTORY INSTRUMENT PUBLISHED AND COMMENTS ARE INVITED

17 May 2013

HMRC has published, for comment, a draft Statutory Instrument and draft Explanatory Memorandum that makes a number of amendments to the Registered Pension Schemes (Provision of Information) Regulations 2006 ('the Regulations') (SI2006/567).

The changes set out in the draft Statutory Instrument will make changes to the information that pension scheme administrators and individuals are required to report, in particular in connection with transfers to qualifying overseas recognised pension schemes and fixed protection 2014.

Draft Explanatory Memorandum and Tax Information and Impact Note have also been published.

Questions or comments on this draft Statutory Instrument, these should be sent by email to Pension Policy by 14 June 2013.

DRAFT QROPS REGULATIONS 2013

28 May 2013

HMRC has published for external comment a draft Statutory Instrument and draft Explanatory Memorandum. Comments are required to be submitted by 21 June 2013.

The draft Statutory Instrument and draft Explanatory Memorandum makes a number of amendments to the:

- Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) Regulations 2006 (SI 2006/206)
- Pension Schemes (Information Requirements for Qualifying Overseas Pension Schemes Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006 (SI 2006/208)
- Registered Pension Schemes and Overseas Pension Schemes (Electronic Communication of Returns and Information) Regulations 2006 (SI 2006/570)
- Registered Pension Schemes etc (Information) (Prescribed Descriptions of Persons) Regulations 2010 (SI 2010/650)

The changes set out in the draft Statutory Instrument introduce:

- a requirement for an overseas scheme to report payments out of funds transferred from UK pension scheme even if it is no longer a QROPS (and enable the scheme managers to report that information electronically),
- a penalties regime for non-compliant former QROPS,
- a system for scheme managers to re-notify HMRC that they meet the conditions to be QROPS
- a relaxation of the benefits tax relief test for overseas public service schemes and pension schemes of international organisations

Full details of draft QROPS (Qualifying Recognised Overseas Pension Scheme) can be found at the website of HMRC. Comments should be emailed, by no later than the 21 June 2013 to Pensions Policy

CONSULTATION: PENSIONS TAX RELIEF - INDIVIDUAL PROTECTION FROM THE LIFETIME ALLOWANCE CHARGE

11 June 2013

HM Revenue & Customs and HM Treasury have published a consultation about the detail and implementation of an individual protection regime to accompany the reduction in the pensions lifetime allowance.

The consultation document sets out the framework of how individual protection 2014 will work, and seeks views on aspects of the detail of this protection regime and the draft legislation and follows the government announcement on 5 December 2012 that to support its objective of a system of pensions tax relief that is fair, affordable and sustainable, for 2014-15 onwards the Annual Allowance would be reduced from £50,000 to £40,000 and the Lifetime Allowance would be reduced from £1.5 million to £1.25 million.

The consultation will run until 2 September 2013.

PENSIONS MINISTER URGES EMPLOYERS TO PROVIDE THE BEST PENSION THEY CAN

13 June 2013

Pensions minster Steve Webb has said organisations have a duty to their employees to provide them with the best workplace pension they possibly can.

Whilst praising employers for “stunning examples” of firms going the extra mile to engage employees during auto-enrolment (AE) resulting in opting-in becoming the norm. He also

noted that organisations had a sacred duty to their employees to provide the best possible workplace pension to them.

Speaking at the Pensions and Benefits Show 2013, Webb said: "We've started with the biggest firms with HR and pension departments and of course you would expect them to do a good job and they deserve the credit.

"The opt out rates are lower than expected and even within that region of very good there are some stunning examples of employers who've gone the extra mile, engaged with their employees, done communications, done videos, done talks and people have responded very positively.

"I think we're at a critical mass in many workplaces where pretty much everyone is staying in and if someone asks 'What are you doing?' overwhelmingly they are talking to people staying in, and I think the norm is staying in."

However, he urged employers to provide the best quality pension they could because staff were relying on them.

"Employers have got an almost sacred duty for your employees because they can't do it," he continued.
"It's a bit like if you are going to buy car you would think it was strange if someone else chose and said this is the only car you can have or you don't have one.

"That is how AE works - employers choose for employees and I would urge every employer in the room to drive a hard bargain, to shop around and to make a good choice to make sure that your employees are getting a low cost good value and quality pension."

TPR TO 'PROACTIVELY INVESTIGATE' INDUSTRIES WITH GREATEST RISK OF NON-COMPLIANCE

14 June

The Pensions Regulator (TPR) is expanding its compliance unit to enable it to 'proactively investigate' companies and industries with a high risk of failure to comply with auto-enrolment duties reports Professional Pensions.

TPR head of industry liaison Neil Esselmont told delegates at the Pensions and Benefits Show that the watchdog would target its actions based on the risk and potential impact of non-compliance. But where there were reasonable grounds to investigate, he said the regulator would use its power to audit companies' records going back six years and impose fines of up to £10,000 a day or pursue a criminal prosecution.

Esselmont said the regulator was expanding its compliance and intelligence units for this reason. He added, however, that ensuring compliance would be more of a 'handle-turning exercise' for the large volumes of smaller employers with staging dates from the middle of 2014.
He said: *"We are going to be looking proactively for the areas of greatest risk, and that is first of all the risk of non-compliance, and secondly looking at the outcome for the individuals in question.*
"If an industry has a large number of employees who are all not going to be automatically enrolled, that would be looked at very differently from a company or an industry where there might be a few technical errors."

Esselmont added: *"We do have a statutory duty under law to enforce this, so if we become aware, through a whistleblower, or intelligence passed to us relating to possibly fraudulent activity, or where statistically we can see a particular industry is getting a track record of not being compliant, then we will proactively go and investigate."*

He told delegates the regulator would insist any issues identified during an audit be rectified and reminded them it had the power to impose fines of up to £10,000 a day for larger companies and £5,000 a day for smaller employers.

If "deliberate and persistent non-compliance" was discovered, he said TPR would pursue a prosecution.

But Esselmont added: *"In terms of the larger volumes, we have an outsourcing partner, with many more people than we do and it will be very much a 'handle-turning' process for handling compliance at the smaller end."*

He said the regulator would produce guidance in the coming months aimed specifically at helping small and medium-sized companies comply with auto-enrolment legislation.

Esselmont said: "*We will be supplementing the planning tool we have on our website with guidance that falls between that and the really detailed guides that we wouldn't really expect medium and small employers to ever look at except possibly as a reference."*

TPR PUBLISH A QUICK GUIDE TO PAYING CONTRIBUTIONS

18 June 2013

The Pensions Regulator has published a short information guide for employers on the subject of making payments to personal pension schemes and defined contribution occupational pension schemes.

The guide does not cover the employer duties including automatic enrolment contained in the Pensions Act 2008 and aims to remind employers of the important responsibility for paying the correct level of contributions in to their pension schemes at that correct time.

GOVERNMENT CALLS FOR EVIDENCE ON PENSION SCHEME QUALITY

4 July 2013

With up to 11 million people being enrolled into a workplace pension scheme – many for the first time – the Minister for Pensions has today (4 July 2013) published a call for evidence on how work-based schemes are managed, with a view to setting out standards to protect members.
Looking at the quality of defined contribution (DC) pension schemes, the government has asked the industry for evidence on the current state of pension scheme governance, default options, administration and record-keeping, and scale of schemes.

Minister for Pensions Steve Webb said:

"When people choose to pay into a workplace pension few will have actively chosen the scheme they join. They trust the people managing their pension to be doing everything they can to ensure they receive a decent return when they retire. While we know standards in DC schemes have been improving, we want to make sure all pension providers have key quality standards in place to protect their members."

Responses to the call for evidence will inform the development of a set of minimum legislative standards. The government is seeking views on:

- ways to ensure that people running pensions schemes have the skills and knowledge to be able to act in members' interests and for conflicts of interest to be properly managed

- standards for the design and selection of default options
- how schemes administer members' pension pots

Although this call for evidence is primarily aimed at people designing, advising on and running work-based defined contribution schemes, the CIPP Policy Team will study the consultation and, if appropriate, will issue a survey to collect CIPP member opinion.

Click here to view the consultation.

REVISED CODE OF PRACTICE FOR DC SCHEMES

15 July 2013

The Pensions Regulator (TPR) has published a revised code of practice for trust based defined contribution (DC) schemes.

The draft code has been laid before Parliament and the Northern Ireland Assembly and is expected to come into force in November 2013. Meanwhile, trustees and their advisers can use it to familiarise themselves with the standards of governance TPR expects in DC trust-based schemes.

It is underpinned by a number of principles and quality features that describe the activities, behaviours and processes that are more likely to deliver good member outcomes.

Commenting on the release of the draft code, the director for DC, governance and administration, Andrew Warwick-Thompson said:

"Getting DC pensions right is central to making automatic enrolment a success and improving retirement incomes for millions of people.

"Although there are many excellent DC schemes governed in members' best interests, overall standards remain mixed. The code of practice will help to meet trustee demands for practical guidance on how they can meet the legislative requirements for running a DC scheme."

View the revised DC code and related materials

In the coming months TPR aims to deliver additional good practice guidance for the governance and administration of DC schemes, and updates to the modules in their free, online, learning programme - the Trustee toolkit.

And to help employers, they will shortly make available an updated guide to help them select a good DC pension scheme for automatic enrolment.

PENSION INDUSTRY STAKEHOLDER FORUM - PENSION SCHEME TRANSFERS

17 July 2013

In advance of the publication of the revised draft Annual Allowance Charge Order HM Revenue & Customs has issued a circulation to the Stakeholders of the Pensions Industry Stakeholder Forum (PISF).

Work is on-going to address a number of unintended outcomes from the changes to the Annual Allowance Charge tax rules introduced in Finance Act 2011. HMRC intends to issue a revised draft Annual Allowance Charge Order for comment as soon as possible – having considered the range of responses to consultation into the previous draft published on 16 November 2012.

Work to finalise the revised draft continues but it is understood that current uncertainty in the sector about the tax treatment of 'underfunded' bulk transfers for Annual Allowance purposes is causing difficulty, particularly for those registered pension schemes seeking to merge where member benefits will be unchanged after the transfer.

Ahead of the publication of the revised draft Order, it may be helpful to confirm that it is the Government's intention that pension input amounts should not arise in situations where all of the following criteria are met;

- There is a 'bulk' or 'block' transfer of a group of members from one registered pension schemes to another as a result of an employer rearranging its pension schemes or as part of a business transaction
- The member's retirement benefit in the receiving scheme represented by the transfer is the same in principle as if it had remained in the original scheme and the rearrangement of pension schemes or business transaction had not taken place i.e. a transfer on a mirror image basis. This requirement may be expressed using a value test to ensure that some variations in benefit format can be accommodated, however this is still being finalised and further detail will be provided by the draft Order on publication.
- The pension input amount would at present arise simply because the transfer is 'underfunded' (that is, the sums or assets transferred to the receiving scheme are not sufficient to support the level of benefits promised by the receiving scheme).

The draft Order to be published will include revised provisions to address this 'underfunded bulk transfer' issue and it is intended that the provisions will have effect for pension input amount calculations for 2011/12 and subsequent tax years.

The Government will consult further on the revised draft Order, including these provisions, and the final draft will require parliamentary scrutiny. It is therefore possible that further changes may be required.

Any queries should be routed to pensions.policy@hmrc.gsi.gov.uk

HMRC PENSIONS INDUSTRY BUSINESS UPDATE – ISSUE 6

24 July 2013

Issue 6 of the Pensions Industry Business update has been published.

Amongst other topics of interest, Issue 6 of the Pensions Industry Business Update, which was previously known as the National Insurance Services to Pensions Industry News Letter, contains an article explaining the importance of the SCON reference and why it is to become a mandatory requirement on the Full Payment Submission (FPS) as from April 2014.

Additionally and as a result of an upgrade to the telephone system contact telephone number have changed recently, previous numbers that you may have recorded should be replaced in your contacts.

Personal Pensions Sections 1-3 (PP):
03000 553617 - Dealing with PP scheme members prior to State Pension Age

Personal Pensions Section 4 (PP4):
03000 574171 - Dealing with retired and deceased members in PP and COMP schemes including members in receipt of Protected Rights

Contracted-out Money Purchase (COMP):
03000 553618 - Dealing with COMP Scheme members prior to State Pension Age

Contracted-out Salary Related (COSR):
03000 553574 - Dealing with COSR Scheme members prior to State Pension Age

DWP – GOVERNMENT RESPONSE TO CONSULTATION ON SIMPLIFIED DISCLOSURE REGIME

31 July 2013

The Department for Work & Pensions have published the government response to the consultation held on the Occupational and Personal Pensions Schemes (Disclosure of Information) regulations 2013.

In the government response to the consultation it is stated that the intention is that regulations will be made and laid in Parliament as soon as possible following recess and come in to force on 6 April 2014.

HMRC PUBLISHES PENSIONS NEWSLETTER NUMBER 58

13 August 2013

HMRC has published the August 2013 edition of the HMRC Pension Schemes Services Newsletter. Topics covered include:

- Fixed Protection 2014 – Do it Online
- Fixed protection 2012 – applications by relieved members of relieved non-UK pension schemes
- Individual Protection 2014
- Legislation

The newsletter is available to view on HMRC's website

NEW QROPS FORMS APSS 262 AND APSS 263

13 August 2013

If you deal with Qualifying Recognised Overseas Pensions Schemes (QROPS) you need to be aware that forms APSS 262 and APSS 263 have been amended and should be used for all QROPS from 12 August 2013.

- APSS 262 - Transferring UK tax-relieved pension assets
- APSS 263 - Member information

The forms have been amended due to new Registered Pension Schemes (Provision of Information)(Amendment) Regulations 2013 (SI1742/13).

The new regulations for recognised transfers apply to transfer requests made by the member from 12 August 2013.

For member transfer requests made before 12 August 2013 you may not have the information you need to complete questions 6 and 9 on new form APSS262.

Question:

- 6 - member's date of birth
- 9 - the date the member left the UK, if their principle residential address is overseas

If you don't have the information to complete these questions please provide a covering letter to the form stating this. You will only be able to do this up to 12 October 2013. From 13 October 2013 the form must be fully completed.

SAME SEX MARRIAGES AND OCCUPATIONAL PENSION SCHEMES

21 August 2013

The law is changing and from summer 2014 same sex couples will be able to marry. What do employers and trustees need to do?

Pinsent Masons have provided a useful update which explains what action may need to be taken in light of the change of law.

Pensions update
From summer 2014, same sex couples will be able to marry. Spouses of members in a same sex marriage will have the right to certain death benefits under occupational pension schemes. The rules of most schemes will need to be amended in order to ensure compliance. Trustees and employers will need to decide whether to pay just the minimum benefits required by law, or to treat same sex marriages in the same way as opposite sex marriages.

What are the options?
The Government has decided that pension schemes need not treat same sex marriages exactly the same as opposite sex marriages. Trustees and employers will need to decide whether they wish to pay just the minimum, or to treat same sex marriages in the same way as opposite sex marriages. They should discuss the potential cost implications with the scheme actuary. Many schemes chose to pay more than the minimum when civil partnerships were introduced: they agreed to treat civil partnerships in the same way as marriages. Those schemes are likely to wish to treat same sex marriages in the same way.

What are the minimum death benefits payable in respect of same sex marriages?
According to the legislation enacted by the Government, death benefits payable to a same sex marriage survivor can be based just on the pensionable service the member had completed from 5 December 2005 (rather than on his full pensionable service). The position is different for contracted-out schemes. Any contracted-out death benefits must be based on rights the member built up from 6 April 1988. These adjusted death benefits are the same as those that civil partners are currently entitled to. The adjustments only affect death benefits that are calculated according to length of pensionable service. Death benefits based just on a multiple of final salary are calculated in the same way as for opposite sex marriage survivors. There is, however, a risk that the courts might take a sterner view of what constitutes the minimum. If so, this would lead to additional costs. We go into more detail below.

What do the employer and the trustees need to do to implement the changes?
The requirement to pay contracted-out death benefits to a same sex marriage survivor will not override scheme rules. The rules of most contracted-out schemes will, therefore, need to be amended. The requirement to pay other death benefits to a same sex survivor will override scheme rules – but only to the extent required to provide the minimum required by law.
Schemes that provide death benefits based only on multiples of salary (and not pensionable service) need do nothing, as the statutory override will ensure they comply and no restriction will apply to the amounts payable. Most pure defined contribution schemes will fall into this category. We recommend that all other schemes amend their rules so that it is clear what death benefits must be paid to same sex marriage survivors. The amendments should be made before summer 2014, in time for the first same sex marriages. Trustees will need to tell members about the changes.

Uncertainty about the current requirements and possibility of change

There has been a good deal of controversy about the restriction on death benefits payable to the survivors of same sex marriages and civil partnerships. An employment tribunal decided in November 2012 that the restriction for civil partners breached European law prohibiting discrimination on the grounds of sexual orientation. Although a court would not be forced to follow that tribunal ruling, its reasoning is persuasive. Following criticism in Parliament, the Government has undertaken to complete a review by 1 July 2014. As a result, the Government may decide that occupational pension schemes must treat same sex marriages on a par with opposite sex marriages. Schemes wishing to pay only the minimum benefits currently required by law should bear in mind that they may be forced to change their stance – at their own cost.

The Pensions Advisory Service launch web chat tool

9 September 2013

Web chat is a new online service where you can talk to experts in real time about pensions.

The Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of company, personal and stakeholder schemes.

With automatic enrolment high on the agenda, employees and employers alike will have pension questions they need quick answers to.

Visit TPAS's website for further information on how to use web chat.

One million fewer facing inadequate retirement incomes

16 September 2013

A report has been published which looks at the impacts of the introduction of the single-tier pension and automatic enrolment as a whole to identify where future challenges remain.

The report 'Framework for the Analysis of Future Pension Incomes' published by The Department for Work and Pensions shows that as a result of the key pension reforms - and based on conservative assumptions about behaviour change - 1 million fewer people will be facing inadequate retirement incomes, and 73 per cent of those facing inadequate retirement incomes will see an improvement in their incomes, bringing them closer to their target income.

The government do expect that the true impact of their policies will be significantly larger than this, for example as a simpler state pension encourages more private saving, and as mass membership of workplace pensions improves the pensions 'saving habit'.

There are a number of actions individuals can take to improve their future retirement incomes. These include:

- having a full working history
- saving whilst in work
- saving more.

The right level of saving for an individual will depend on their particular circumstances but this document 'Framework for the Analysis of Future Pension Incomes' can help people understand the options.

OFT secures agreement with TPR to tackle reform of pension schemes

23 September 2013

An agreement has been reached between the UK Office of Fair Trading (OFT) and The Pensions Regulator (TPR), whereby the two organisations will propose improvements to defined contribution (DC) workplace pension schemes, in order to make sure pension savers get value for their money.

Financial News reports:

The OFT said that it is calling for changes to the £275bn DC workplace pension market, following its market study which revealed that the complexity of pension schemes makes it difficult for pension savers and employers to choose the right product. Approximately five million people are currently saving into DC pension schemes and now that the Government has introduced auto-enrolment, the numbers of savers are expected to increase to nine million over the next five years. However, auto-enrolment could cause some problems for employers who are responsible for deciding which pension scheme to choose for their employees, as smaller businesses with limited resources may not be able to assess the value of certain pension schemes.

According to the OFT, savers may not get value for money from old and high charging contract and bundled-trust schemes, which contain around £30bn of savings, while smaller trust-based schemes, which contain around £10bn of savings, may not provide value for money due to a lack of trustee engagement and capability. The OFT also said steps should be taken to improve the scrutiny of pension schemes.

Read the full story from Financial News.

The Pensions Regulator codes of practice on maintaining contributions

24 September 2013

The Pensions Regulator (TPR) has published revised codes of practice on maintaining contributions. They are accompanied by guidance to help employers calculate their contributions and pay them on time.

The codes which came into force last week set out TPR's expectations of trustees and pension providers, and how they should meet their duty to monitor payments, communicate with members, and report failures to pay. They build on current good practice and existing legal duties, and focus on establishing clear accountabilities for achieving good outcomes for members.

View the codes of practice and our guidance for employers on contributions.

Pensions Industry Stakeholder Forum

7 October 2013

HMRC has published the latest set of minutes from the Pensions Industry Stakeholder Forum.

This forum focuses on operational rather than policy issues and is the main route of engagement between HMRC and representative bodies.

The CIPP policy team sits at this forum and if you have any issues that you would like to put forward to the agenda of this forum, please email Samantha Mann.

Minutes of the HMRC Pension Industry Stakeholder Forum - 29 April 2013

HMRC Pensions Newsletter - number 59

8 October 2013

HMRC has published the October 2013 edition of the HMRC Pension Schemes Services Newsletter. Topics covered include:

- Fixed Protection 2014
- Annual Allowance
- Updated forms for QROPS
- Pension Liberation Update

The newsletter is available to view on HMRC's website.

Annual Allowance checking tool

HMRC has also released a new tool which enables pension scheme members to check whether they need to calculate an annual allowance tax liability and complete a Self-Assessment tax return. Access to the tool is available through the link below.

Pension Statements and the Annual Allowance Checking Tool

New QROPS forms APSS 251 and APSS 253

16 October 2013

If you deal with Qualifying Recognised Overseas Pensions Schemes (QROPS) you need to be aware that forms APSS 251 and APSS 253 have been amended and should be used from 14 October 2013.

The forms have been updated to reflect the changes in the following Statutory Instrument. Statutory Instrument 2259: The Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2013.

The following are now available from the forms area of HMRC's website.

- APSS 251 - notification to HM Revenue & Customs
- APSS 251 Notes - Notes for completing form APSS251
- APSS 251A - Change of Details
- APSS 251B - Change in status and notification of fund value
- APSS 251B insert - Notification of fund value - insert
- APSS 253 - Payments in respect of relevant members
- APSS 253 insert - Additional page for APSS253

HMRC strengthens processes to deter pension liberation

22 October 2013

Increasing numbers of pension savers are being targeted by unscrupulous companies encouraging them to access their pension savings early – commonly known as pension liberation.

Pension liberation has significant tax consequences and HMRC has been working closely with other government departments/agencies and the pension industry to take action to prevent pension liberation and preserve pension savings.

HMRC has made a number of changes to strengthen existing processes to deter pension liberation and safeguard pension savings. These changes will take effect from 21 October 2013.

Registering a pension scheme

HMRC has made the pension scheme registration process more robust by moving away from a 'process now, check later' approach. Scheme registration will no longer be confirmed on successful submission of the online form. This will enable HMRC to conduct detailed risk assessment activity before making a decision on whether or not to register a scheme.

Pension scheme registration - process change

Transferring pension funds between registered pension schemes

To help scheme administrators decide whether to make a transfer, HMRC has revised the process for responding to requests for confirmation of the registration status of the receiving scheme. Under this new process HMRC will respond to requests for confirmation of the registration status without seeking consent from the receiving scheme. However HMRC will only provide confirmation where the receiving scheme is registered and the information held by HMRC does not indicate a significant risk that the scheme was set up, or is being used, to facilitate pension liberation. Otherwise, a response will be issued setting out the conditions in which HMRC will confirm registration status and explain that one or both of the conditions are not satisfied.

Transfer request process change

Further information

- You can read more about pension liberation on HMRC's website.
- A recent Pensions Update by Pinsent Masons covers a key court ruling on pension liberation.

Better workplace pensions: a consultation on charging

31 October 2013

The Department for Work and Pensions has published a consultation setting out a range of measures to address pension charges in defined contributions workplace schemes.

Steve Webb, the Minister of State for Pensions says in the consultation foreword:

"While I am pleased that some large employers setting up schemes for automatic enrolment are getting good deals for their employees, there is a real risk that SMEs will struggle to negotiate the same low charges or will use high-charging legacy schemes. When small differences in charges can make a significant difference to final retirement incomes this is an area where we cannot afford to be complacent.

Therefore, through this consultation, we want to assess what can be done to improve transparency in pension scheme charges and to look at whether there is a role for the

Government in improving disclosure. We also want to test the case for capping default fund charges and have offered a range of structures to help tease out some of the various issues."

The consultation is aimed at protecting employees from poor pension returns due to pension charges and seeks views on whether:

- further action is required to improve transparency and disclosure of pension charges
- a cap on charges in default funds of defined contribution qualifying schemes should be introduced
- differential charging between active and deferred members, consultancy charges and commissions should be banned in defined contribution qualifying schemes.

The policy team will be reviewing this consultation and will publish a survey shortly if deemed necessary.

DWP launches money purchase consultation following Bridge Trustees ruling

4 November 2013

The Department for Work and Pensions (DWP) has launched a consultation into the statutory definition of money purchase benefits.

Professional Pensions reports:

The consultation on the Pensions Act 2011 (Transitional and Consequential Provisions) Regulations 2014 seeks to clarify the money purchase definition include in section 29 of the Pensions Act 2011, and provide support for schemes affected by the changes.

The DWP said the legislation and its related transitional arrangements will affect *"cash balance benefits treated as money purchase benefits"* and *"pensions derived from money purchase benefits or cash balance benefits that have been treated as money purchase benefits".*

It is estimated 40,000 private sector occupational pension schemes contain money purchase sections. Of these, approximately 2% are hybrid schemes, containing a mixture of money purchase and defined benefit (DB) arrangements.

The DWP said it is not aware of any schemes which will "move entirely from money purchase to non-money purchase" under the regulations. However, it said information it holds is self-reported by schemes.

In July 2011, the final judgment in the long running Bridge v Yates case ruled that benefits with a guaranteed interest rate, and money purchase benefits which had been converted into a pension scheme, were included in the definition of money purchase benefits. This raised the possibility of money purchase arrangements leading to a deficit in the scheme. Section 29 of the Pensions Act 2011 clarified that a benefit is money purchase when it is calculated "solely by reference to the assets".

At the time, experts warned of "dangerous side-effects" of the legislation.

The amendments will retrospectively apply from 1 January 1997. However, transitional and supplementary provisions that are "deregulatory in nature" are included in the consultation. These arrangements will remove the need to review decisions made from 1997 to 28 July 2011.

Schemes providing a guarantee in the accumulation phase, such as link to salary or guaranteed interest rate, or a pension in payment from money purchase or cash balance benefits without a matching insurance policy, will be affected.

Hybrid schemes are likely to make up the majority of schemes affected by the changes, the DWP said.

Trustees of hybrid schemes, or arrangements with the above features, will therefore have to review whether its benefits fall within section 29 of the legislation.

The **consultation** is open until 12 December.

Defined contribution pension schemes – new code and guidance

25 November 2013

Millions of workers are becoming new members of defined contribution (DC) schemes as the UK's employers fulfil their automatic enrolment duties.

The required standards of conduct for defined contribution (DC) schemes have been outlined in a new Code of practice and guidance published by The Pensions Regulator.

Members lose out if a DC scheme performs poorly. So it's vital that the people responsible for these schemes make sure that they are effectively governed, durable and offer value for money.

The code of practice provides practical guidance to trustees on the requirements of DC law and sets out the standards of conduct that we expect of them. Failure to meet these standards could lead to enforcement action, which may be uncovered via whistleblowing, our thematic reviews, or other investigative work.

We expect trustees to be able to demonstrate that their scheme complies with these standards, so it's important that they review their scheme now to ensure that it's up to scratch. While their advisers and service providers should actively help them meet the standards of governance and administration that we have set out today.

The new code, along with our guidance, the Trustee toolkit and other learning materials, can help trustees ensure that their scheme maximises good outcomes for their members.

Find out more about how the code and accompanying guidance affects you.

Change to the Pension Schemes Services fax number

28 November 2013

The fax number for Pension Schemes Services (PSS) has changed. If you need to send a fax to PSS please send it to 03000 564 568.

The PSS contact details on the internet and their forms and letters are being updated as they change to the new number. In the meantime to make sure your fax is received, please send it to the number above as the fax number you have on any correspondence from PSS may now be out of date

Guidance on the taxation of unauthorised transfers to pension schemes included on the QROPS list

29 November 2013

HMRC has published guidance on the taxation of unauthorised transfers to schemes included on the Qualifying Recognised Overseas Pension Schemes (QROPS) list.

This guidance concerns transfers of sums or assets which took place before 24 September 2008 from a registered pension scheme to a scheme that was included within the list relating to QROPS.

The guidance will operate in relation to the small number of transfers where the scheme was not a QROPS when the transfer took place.

The guidance is related to the case of R (Gibson) v Commissioner for HM Revenue and Customs where the court found that HMRC is to no longer pursue unauthorised payment tax charges over transfers to QROPS made before September 2008.

Defined benefit consultation: setting a balanced approach

4 December 2013

Striking a balance between sponsoring employers' pension funding obligations and their ability to invest in sustainable business growth is at the heart of a consultation on defined benefit (DB) regulation.

The consultation sets out how The Pensions Regulator intends to balance its new objective to minimise the impact on employers' sustainable growth, with its existing DB funding objectives. The new objective is contained in the Pensions Bill 2013, currently before Parliament. The content of the consultation also reflects how the regulator's approach to DB funding has evolved over the last eight years in light of its experience, and that of the pensions sector, in managing the risks in DB schemes.

Go to the regulating defined benefit pension schemes consultation.

The consultation includes:

- A draft funding code of practice that provides practical guidance to help pension trustees to meet the requirements of scheme funding legislation.
- A draft regulatory strategy setting out at a high-level the regulator's risk-based approach to tackling issues in DB pension schemes.
- A draft funding policy describing in more detail the regulator's intended approach to regulating DB funding issues.

Read the TPR press release

Scottish rate Income Tax - update on relief at source

17 December 2013

HMRC has published an update for pension scheme administrators on the Scottish rate of Income Tax for relief at source on contributions to registered pension schemes by Scottish taxpayers.

Scottish rate of Income Tax
The Scotland Act 2012 introduced the Scottish rate of Income Tax (SRIT), which is expected to be implemented in April 2016. The rate paid by Scottish taxpayers will be calculated by reducing the basic, higher and additional rates of Income Tax by 10 pence in the pound and adding a new Scottish rate set by the Scottish Parliament. A SRIT of 10% would mean no change from the UK rates. However, a SRIT of 9% would mean the rates paid by Scottish

taxpayers were lower (19/39/44%- basic/higher/additional rates) and a Scottish rate of 11% would mean they were higher (21/41/45%).

HMRC published a Technical Note (PDF 90K) in May 2012 clarifying the scope of the SRIT and how it would interact with other areas of the Income Tax system. This Technical Note confirmed that Scottish taxpayers should receive tax relief on their pension contributions at the Scottish rates. Pension scheme members who are Scottish taxpayers, who pay contributions to their employer's pension scheme under the net pay arrangement, will automatically receive tax relief on their contributions at the Scottish rates. However, the system for giving relief at source (RAS) will not automatically provide the correct relief for Scottish taxpayers.

HMRC has been working with the pensions industry through the Pensions Technical Group to identify ways to deliver Scottish basic rate relief through the RAS process. The Government has decided that, in order to ensure that, as far as possible, Scottish taxpayers receive the correct amount of relief into their pension pot, RAS will be paid at Scottish rates for Scottish taxpayers. To enable this, the pensions industry may need to change their systems to be able to claim RAS at the Scottish basic rate for any of their scheme members who are Scottish taxpayers. This will mean being able to differentiate between Scottish and rest of the UK taxpayers in their records and make RAS claims at both Scottish basic rate and the basic rate applicable to the rest of the UK. HMRC intends to provide information to pension scheme administrators to allow them to identify which of their members are Scottish taxpayers.

The Government has acknowledged that the pensions industry is working in a challenging environment at present and therefore has agreed that they can have longer to implement these changes. Currently it is planned that from April 2018 industry should be ready to make RAS claims at the Scottish basic rate. In the meantime, to ensure that pension scheme members who are Scottish taxpayers aren't disadvantaged, the Government has agreed that from April 2016 pension scheme administrators can continue to claim RAS at the UK basic rate of tax for all members and HMRC will identify Scottish taxpayers and make any adjustment (depending on the rate set by the Scottish Government), to the relief given direct with the scheme member. This will be done either through the Self Assessment process or PAYE coding.

HMRC would like to thank those who have so far participated in discussions. Over the coming months we will continue to work with the pensions industry to identify any further issues to successful implementation and on the design of a process covering this transitional period.

Anyone who is interested in being involved in the development of this process should contact Karen Hopton on Telephone: 03000 556936 or email: karen.hopton@hmrc.gsi.gov.uk.

QROPS Online Service launched

17 December 2013

HMRC has launched an online service to help overseas scheme managers and UK scheme administrators meet their reporting requirements for Qualifying Recognised Overseas Pension Schemes (QROPS).

Follow the link below for full details.

QROPS Online Service

Scheme Reconciliation Service for contracted-out pensions

18 December 2013

In advance of the end of contracting-out in April 2016, HMRC has set up a new Scheme Reconciliation Service for pension scheme administrators and trustees.

From April 2014 HMRC will offer a Scheme Reconciliation Service to allow pension scheme administrators and trustees to reconcile the membership and Guaranteed Minimum Pension (GMP) data held on scheme records against HMRC's records.

Scheme Reconciliation Service
You may also find a timeline which summarises the ending of contracting-out activities helpful. Please note this is based on current plans and assumptions and is subject to change.

Timeline for ending contracting-out
In January 2014 HMRC will publish the first in a series of bulletins to keep you updated about activities linked to the ending of contracting-out as a result of the introduction of Single Tier Pensions in April 2016.

HMRC Pensions Industry Business Update – Issue 7

24 December 2013

Issue 7 of the Pensions Industry Business update has been published.

Amongst other topics of interest, Issue 7 of the Pensions Industry Business Update (previously known as the National Insurance Services to Pensions Industry News Letter), contains

- New telephone number for the contact centre
- NISPI Payments Mailbox
- CA1604 Calculation Request Roles and Responsibilities
- How to pay a Contribution Equivalent Premium (CEP) via BAC's
- GMP queries and requests for Contracted-out earnings received in RPWB
- Changes to the way in which HMRC issue cheques

DWP Pensions Stakeholder Newsletter

31 January 2014

The Pensions Stakeholder Team has circulated an update regarding workplace pension charges and mandating the SCON.

Charges in Workplace Pensions
The Minister for Pensions, Steve Webb, laid a written ministerial statement before Parliament confirming the government's commitment to tackling high charges in workplace pension schemes. The Statement reads as follows:

"This government is committed to tackling high charges in workplace pension schemes. In particular, for those workers who do not exercise any choice, where they are automatically enrolled into a scheme then remain in the default fund.

Our consultation on pension scheme charging closed at the end of November. We continue to examine the responses, and will bring forward further proposals, in due course. However, one strong theme to emerge is about the timing for the implementation of any changes.

We remain strongly minded to cap pension scheme charges in the default funds used for automatic enrolment. However, we have consistently encouraged firms to start getting ready for automatic enrolment twelve months ahead of the time the new employer duties apply to them. Therefore, to give those employers at least twelve months notice of the rules that will apply to them; I can confirm that any cap on charges will not be introduced before April 2015."

Mandating the Scheme Contracted-Out Number (SCON)
We are working closely with colleagues for HMRC on the introduction of the Single Tier Pension in April 2016 which will bring about the end of Contracting-Out arrangements. As a result employers have an obligation to inform HMRC of "which employee belongs to which contracted-out scheme", so that HMRC can close down all open periods of contracting-out on the individual National Insurance records.

To facilitate this, from 6 April 2014 employers will be legally required to show the SCON, in addition to the Employer's Contracting-out Number (ECON), on their submissions via the real time information service when submitting contracted-out National Insurance Contributions for employees who have been in a contracted-out scheme during the tax year.

Pension Scheme Administrators will play a key role in getting Employers ready by helping employers identify the correct SCON for the pension scheme membership in time to submit that SCON as part of the April 2014 onwards RTI monthly submissions to HMRC.

HMRC have asked, if you are Pension Scheme Administrator to assist with this by treating SCON identification requests from employers with pension scheme members in your pension scheme with urgency.

This will allow HMRC to have accurate records and prevent further significant contact to employers and Pension Scheme Administrators from HMRC in the lead up to 2016 and afterwards following our scheme membership closure activities. '

The changing shape of the DC auto-enrolment market 2014 to 2020

3 February 2014

Following on from their previous report Caveat Venditor, the Pensions Institute recently published a report that looks to consider the issue of value for money provided by the pensions industry.

The Pensions Institute report looks to assesses value for money in defined contribution default funds.

The report states that the most important feature of automatic enrolment schemes is the default fund, which is the multi-asset investment strategy designed for the majority of members who do not wish to make investment decisions. Total contributions, member charges, together with the fund's full costs, the asset allocation, and the glide path (the changing asset allocation over the period of membership) are key determinants of the level of the pension income in retirement that is secured by the fund at the decumulation stage, which, at present, usually involves the purchase of a lifetime annuity.

In this new report the Pensions Institute asks whether the cost of membership offers value for money to the 'average' member, by which they mean the 90-97% of employees who will be automatically enrolled into the default fund.

Never before has it been more important for the pension industry to focus on VfM (Value for Money) as thousands of employers struggle to comply with their legal, and no longer optional, workplace pension obligations.

Read the Institute's full report: Assessing value for money in defined contribution default funds. Their former report Caveat Venditor considered whether *the brave new world of auto-enrolment should be governed by the principle of seller not buyer beware?*

HMRC Pensions Newsletter - number 60

17 February 2014

HMRC has published the February 2014 edition of the HMRC Pension Schemes Services Newsletter. Topics covered include:

- New Business Head for Pension Schemes Services
- Changes to our 'contact us' internet page
- Fixed Protection 2014 and Individual Protection 2014
- Pension Liberation and our registration and transfers processes
- Scottish rate of Income Tax
- QROPS scheme manager ID.

The newsletter is available to view on HMRC's website.

DWP Pensions Stakeholder Newsletter

20 February 2014

The DWP's Pensions Stakeholder Team has circulated an update on protected persons legislation, automatic enrolment exclusions and the Scheme Reconciliation Service.

Protected Persons

You may have seen that the Minister for Pensions laid a Written Ministerial Statement in the House on Wednesday regarding the outcome of the Protected Persons consultation. The consultation invited views as to whether or not these employers should be permitted to use the statutory override to change their pension scheme rules for employees covered by the protected persons legislation. Following the consultation the Government thinks it is reasonable that issues arising from the end of contracting out for this small number of workers should be resolved through negotiation. Therefore the Government proposes that employers should not be allowed to use the statutory override to alter their pension schemes in relation to members with protected person status. Attached is a link to the Minister's Written Ministerial Statement.

Automatic enrolment exclusions

Also on Wednesday the Government published further information about the situations where they consider an exclusion from the employer duty to automatically enrol workers into workplace pensions may be justified. There are four categories of individuals:

- have tax protected status for existing pension savings
- are on the brink of leaving employment
- have given notice of imminent retirement
- recently cancelled membership after being contract joined

Technical Changes to Automatic Enrolment provides further details.

Scheme Reconciliation Service

As I mentioned in my last update note, we are working closely with HMRC colleagues on the implementation of Single Tier Pension. HMRC are creating the Scheme Reconciliation Service as part of the implementation. This Service allows pension scheme administrators and trustees to reconcile the membership and Guaranteed Minimum Pension (GMP) data held on scheme records against HM Revenue & Customs' (HMRC) records in advance of the ending of contracting-out in April 2016.

The service provides a list of contracted out periods and GMP data for members who have left contracted-out employment. This includes early leavers, pensioners, widows, widowers and surviving civil partners. The service will be available from April 2014; however, requests for data can be made now. This link provides further details of the service.

Defined Ambition legislation expected in 2015

25 February 2014

Legislation for defined ambition (DA) pension schemes is expected to reach Parliament in 2015, allowing the necessary changes to take effect before contracting-out ends in 2016.

A consultation 'Reshaping workplace pensions for future generations' was published in November which looks to provide a way forward towards both reforming and reinvigorating workplace pensions.

The Defined Ambition Industry Working Group was set up in the summer of 2012 to look at the market gap in relation to affordable pension guarantees and to provide the products consumers are seeking. Over the year this Group held extensive discussions with a wide range of providers and employers and the proposals contained within this consultation provide a way forward towards both reshaping and reinvigorating workplace pensions. They offer a range of new options that will be attractive to different employers and their employees – all part of a new framework that looks beyond the current regulatory extremes of defined benefit and defined contribution.

According to a report by Professional Pensions a spokesman for the Department for Work and Pensions (DWP) said there was no firm timeline to publish a response to the consultation, but it will be made public "in due course" and "This will require some sort of legislative vehicle. We would be looking to see if this is in the Queens' Speech; if it is, we would expect this to be a bill in the next parliamentary session."

Government requires providers to disclose all hidden pension charges

5 March 2014

The Department for Work and Pensions has tabled an amendment to the Pensions Bill to require pension providers to disclose all transaction costs in defined contribution workplace pensions.

This extra information will enable those running defined contribution schemes to see exactly how much they are paying for asset management services to get the best value for scheme members, who will also benefit from greater transparency.

The reform is the latest part of the government's drive to bring greater fairness and transparency to pension costs.

Minister for Pensions Steve Webb said:

"We're taking action to ensure consumers have access to good quality pension schemes so they have the confidence to plan for their futures. For the first time, we are shining a light into

the murky corners of the pensions industry to make sure savers know what is happening to their money. A lack of transparency around the true costs of trading can prevent schemes from securing value for money for their members. We will outline further details on our proposals shortly."

The government will publish its response to the consultation on charges, along with proposals on quality and transparency in workplace pension schemes soon. This will contain further details about the implementation and timing of the measures that have been announced.

Is automatic transfer of UK workers' pension pots the best way forward?

5 March 2014

The government is facing a growing backlash over plans to push ahead with a new automatic transfer system for workers' pension pots, with claims it could leave millions worse off.

The Financial Times (FT) writes that under the pot-follows-member proposals pension savings of £10,000 or less would move with a worker when they change jobs, instead of being left with an old employer.

With millions of individuals now being automatically enrolled in workplace pensions, the government has warned that without measures to ease transfers, up to 50m dormant pension pots could be created by 2050.

But unions, industry, consumer groups and campaigners for the aged have joined forces to express concerns that pot-follows-member, favoured by Steve Webb, the pensions minister, could lead savers into inferior pension schemes.

In a letter published in Wednesday's FT, The National Association of Pension Funds, the Trades Union Congress, Which?, the Engineering Employers' Federation, and Age UK, call on the government to change its plans.

"We are very concerned that the government is moving far too quickly to prescribe a system for automatically transferring pension pots every time a person moves jobs without having fully worked out how to safeguard savers' interests," said the jointly-signed letter. *"Alternative proposals have been made to manage a number of these risks but these, like 'pot follows member', require more detailed thinking."*
The organisations warn under current plans, there was a danger of savers' pots moving from well-run schemes to ones with higher charges and less robust governance.

"Savings could be switched out of investment assets into cash and then reinvested from cash into investment assets every time the member changes jobs and joins a new pension scheme, thus exposing savers to repeated transaction costs," said the letter.

The organisations are calling on the government to accept amendments to the Pensions Bill, tabled in the Lords, which will see alternative proposals considered. The amendments are backed by three Labour peers including Lord Hutton, former cabinet minister and head of an independent review of public sector pensions.

A model, put forward by Labour, would see a dormant pension pot automatically transferred to a third-party pension scheme rather than to the new employer, when a worker changed jobs.

However, this "aggregator" approach was rejected by government in preference for pot-follows-member, due to the possibility that it could increase the number of pots.

"The government should adopt our solution which would be to only allow automatic transfer of pension pots into large-scale, low-cost pension schemes with a legal duty to prioritise the

savers' interest," said Gregg McClymont, shadow pensions minister. *"This would reduce bureaucracy, reduce risks and cut costs for savers."*

In spite of rising concerns, the government said it would press ahead with reforms it had been developing since 2011, saying that recent research had suggested they had public support.

"Now is the time for action, and pot-follows-member is what the public say they want," said Steve Webb. *"The only amendments available to vote on Wednesday would kick this policy into the long grass. We need to get on with this, and enable people to build-up worthwhile pots in a single place."*

The Association of British Insurers, which supports the government's approach, said current initiatives *"should ensure that no pension pot is automatically transferred to a scheme which has excessive charges or poor governance".*

Countdown to end of Contracting-out

10 March 2014

HMRC has published the first in a series of bulletins to keep you updated about activities linked to the ending of contracting-out as a result of the introduction of Single-tier Pensions in April 2016.

HMRC are still finalising their working assumptions and will use this series of bulletins to build up a comprehensive picture of how the changes will be implemented as the proposals on how to bring an end to contracting-out develop.

The following will be covered in this edition:

- Background to the ending of contracting-out including an activity timeline
- The Scheme Reconciliation Service
- Scheme Contracted Out Number (SCON) Mandation
- Apparent Un-notified Terminations (AUTs).

Countdown Bulletin - Issue 1

Pensions Industry Stakeholder Forum

14 March 2014

HMRC has published the latest set of minutes from the Pensions Industry Stakeholder Forum.

This forum focuses on operational rather than policy issues and is the main route of engagement between HMRC and representative bodies.

The CIPP policy team sits at this forum and if you have any issues that you would like to put forward to the agenda of this forum, please email Samantha Mann.

Minutes of the HMRC Pension Industry Stakeholder Forum - 22 November 2013

Pension charges to be capped at 0.75% from 2015

28 March 2014

Tough new measures announced by Pensions Minister Steve Webb today will ensure pension schemes deliver value for money for savers.

They will end rip-off charges and ban hidden costs, helping people build up the best retirement income possible from their savings.

From April 2015 a 0.75% cap on charges will be introduced for the default funds of all qualifying schemes.

Over the next 10 years, the government estimates that an extra £195 million of pension contributions will turn into pension savings, as part of a fairer society, rather than being swallowed up by unnecessary costs and charges.

An individual earning £20,000 would save around £35,500 over their lifetime if they saved in a scheme with a 0.75% charge compared to a 1% charge.

The government has also set out equivalent caps for schemes with combination charge structures.

Three different categories of pension charge will be banned altogether:

- payments for sales commission which are deducted from members' pensions
- charge hikes when people are no longer employed by a company but leave money in the company's pension scheme
- 'consultancy charges' where members have to pay for advice given to their employer.

In addition there will be tough new rules to make sure that all of the hidden 'transaction' costs in pension schemes are published, and the government will then consider whether these should also be included in the new charge cap.

Steve Webb said that the pensions revolution does not stop at automatic enrolment. People need to have confidence that putting money into good pension schemes where their money will be looked after.

You can read the full press release on GOV.UK.

HMRC Pensions Newsletter - number 61

11 April 2014

HMRC has published the March 2014 edition of the HMRC Pension Schemes Services Newsletter. Topics covered include:

- Increasing pension flexibility
- Individual protection 2014
- Pension liberation.

The newsletter is available to view on HMRC's website.

Budget 2014 changes - more guidance on pension flexibility

15 April 2014

HMRC has provided more information to help people who want to use the new flexibility announced

On 27 March the government announced it would bring forward legislation in Finance Bill 2014 to ensure that people do not lose their right to a tax-free lump sum if they would rather use the new flexibility this year or next, instead of buying a lifetime annuity.

HMRC has provided more information to help people who want to use the new flexibility. This information is for people who have:

- received a tax-free lump sum on or before 27 March 2014
- either cancelled an annuity contract within the cooling-off period on or after Budget day (19 March 2014) that was linked to that lump sum or not yet decided how to access the rest of their pension savings.

Further detail is set out on HMRC's website on whether or not the unravelling of actions that were taken shortly before the Budget changes were announced will give rise to a tax charge.

This information relates to how the tax rules will apply. The options available to you will depend on what your pension scheme decides to allow. All references to an annuity mean a lifetime annuity.

Local Government Pensions

CONSULTATION - TAXPAYER-FUNDED PENSIONS FOR COUNCILLORS AND OTHER ELECTED LOCAL OFFICE HOLDERS

10 June 2013

A consultation, launched by the Department for Communities and Local Government, which seeks views on access by councillors and other elected local office holders to the Local Government Pension Scheme 2014 is ongoing.

This consultation Taxpayer-funded pensions for councillors and other elected local office holders seeks responses from interested parties, including local taxpayers, councillors and other elected local office holders and their representative bodies, on access by councillors and other elected local office holders to the taxpayer-funded Local Government Pension Scheme to come into force in April 2014.

It also covers the contribution rates that should apply to any such persons who remain active members of the Scheme.

The consultation closes on 5 July 2013.

FIRE-FIGHTERS PENSIONS SCHEMES – GOVERNMENT RESPONSE

10 June 2013

The Department for Communities and Local Government have published a summary of the responses that they collected between 3 August 2011 and 26 October 2011.

On 3 August 2011, the Department published the consultation paper**,** *Amendments to the Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2006)*. The consultation paper set out a number of proposals in relation to the two firefighters' pension schemes, namely the Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2006) and consulted and sought views on a range of provisions.

This publication *Amendments to the Firefighters' Pension Scheme (1992) and New Firefighters' Pension Scheme (2006)* Summary of responses to the consultation includes the government's response to comments made during the earlier consultation.

CALL FOR EVIDENCE ON DRAFT REGULATIONS FOR NEXT YEAR'S LOCAL AUTHORITY PENSION REFORMS

21 June 2013

The Department for Communities and Local Government (DCLG) has launched a call for evidence into draft regulations for next year's local authority pension reforms. The responses to this will help inform a consultation to be published in the early autumn on a number of broad principles for change.

The CIPP policy team will be studying this document and will issue a survey shortly.

CIPP SURVEY ON THE CALL FOR EVIDENCE ABOUT THE FUTURE STRUCTURE OF THE LOCAL GOVERNMENT PENSION SCHEME

15 July 2013

In 2010, the Government commissioned Lord Hutton to chair the Independent Public Service Pensions Commission. The purpose of the Commission was to review public service pensions and to make recommendations on how they could be made sustainable and affordable in the long term, while being fair to both taxpayers and public sector workers.

Lord Hutton's final report was published on 10 March 2011. Among its recommendations, the report made clear that the benefits of co-operative working between local government pension scheme funds and achieving administration efficiencies more generally should investigated further. The Local Government Pension Scheme (LGPS) currently costs local taxpayers £6billion a year in employer contributions.

On 21 May 2013 Brandon Lewis, the minister responsible for the LGPS, called for evidence on the future structure of the scheme and measures that might improve efficiency.

The CIPP Policy Team has published a survey to collect the views of those with an interest in LGPS. The survey should take no more than 15 minutes to complete but will give those members in Local Government an opportunity to air their views on the future structure of the LGPS. The survey will close on 15 August 2013.

Local Government Pension Scheme 2014: Payroll and HR specifications

4 September 2013

The Local Government Association has published a payroll specification and HR specification aimed at assisting employers and software suppliers with the administration of LGPS 2014.

Both guides can be found at the LGPS website under the guides and publications section.

The payroll specification is designed to assist employers and their software suppliers when developing payroll systems for next April additionally the HR specification contains information for employers on the processes required to administer the scheme from April 2014.

Be aware that both specifications are working documents and amendments are expected in the coming weeks and months in the run up to next April. If you wish to make any comments or provide feedback please email policy.

Please also note that links will be added to the various sections of both specifications to allow readers to more easily access information. Also in time, once the scheme regulations are laid links to these will be added.

The reformed Teachers' Pension Scheme

18 September 2013

The government has published their response to the consultation on the reformed Teachers' Pension Scheme and has also published draft regulations for consultation.

This consultation response summarises the responses to consultation on the implementation of a reformed Teachers' Pension Scheme. It provides the government's response to each issue raised as a result of the consultation and acknowledges respondents wider concerns on scheme reforms.

The response also confirms the launch of the consultation's second stage which is seeking views on draft regulations to give statutory effect to the reformed scheme.

Local Government Pension Scheme 2014 – government response to consultation

25 September 2013

The government has published their response to the LGPS 2014 consultation.

The Local Government Pension Scheme Regulations were made on 12 September 2013 and laid before Parliament on 19 September. Further regulations on cost management, transitional savings and protection matters and scheme governance are to follow.

The department consulted widely on the provisions in the period between December 2012 and August 2013.

The government response summarises the comments received.

A copy of the main regulations, together with related Explanatory Memorandum and impact assessment can be found at www.legislation.gov.uk.

Pooling arrangements for academies within the Local Government Pension Scheme

9 October 2013

A consultation has been published which seeks views on potential pooling arrangements, within the Local Government Pension Scheme Regulations, for Academies and Local Authorities.

LGPS 2014 sees re-launch to scheme member website

6 December 2013

The Local Government Association (LGA) contacted the CIPP Policy Team to let us know about the recent re-launch of the LGPS2014 website for the benefit of scheme members.

You will see that the website has a new look developed in line with updated content and information. The content reflects, where possible, regulations which have been agreed for LGPS 2014.

Additionally three new short topic based videos have been added to www.lgps2014.org giving more information on the cost of the scheme as well as how pensions in the career average scheme are calculated and when they are payable. These videos are available in English and Welsh and with and without subtitles.

Further updates are required once LGPS (Transitional Provisions, Savings and Amendment) regulations have been finalised.

Local Government Association - guidance update LGPS Regulations 2013

23 December 2013

Members who have an interest in the latest developments of the LGPS (Transitional Provisions and Savings) Regulations 2013 will be interested in an update from the Local Government Association.

The CIPP Policy team received the following communication from Mary Lamb, Pensions Adviser of the Local Government Association (LGA) who has asked that we circulate the latest news to any members who have a keen interest in the latest developments of the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2013.

"You will be aware that the Local Government Pension Committee (LGPC) secretariat (as part of the LGA) released Payroll and HR Guides in September 2013. These guides cover the minimum additions and/or changes needed by employers to effectively manage the new Local Government Pension Scheme (LGPS) from April 2014.

Since these guides were released the LGPS Regulations 2013 have been made and laid by Parliament and the guides required some updates to bring the content in line with these regulations.

More fundamentally the guides also required updates to cover areas provided for in the draft LGPS (Transitional Provisions and Savings) Regulations 2013. However given that these regulations are still in draft form and in the final stages of being agreed it's more difficult to provide the definitive position.

Given the need for information the LGPC Secretariat have updated both guides based on the laid LGPS Regulations 2013 and our current understanding of the provisions to be contained in the Transitional Regulations and provided access to these updated guides in the form of PDF documents showing the tracked changes. The updated PDF version of the HR Guide can be found here and the updated PDF version of the Payroll Guide can be found here. Work is underway to amend the online guides to reflect the changes in these PDF versions.

Although the Transitional Regulations have not yet been made and laid before Parliament, it is our understanding that they will reflect the tracked changes shown in the PDF guides."

Amendments to the Local Government Association guidance - LGPS Regulations 2013

3 January 2014

In December 2013 we shared news of updates to the HR and Payroll Guidance from the Local Government Association (LGA). We have been notified that this guidance has now been updated.

There have been a couple of small amendments made to guidance and both the HR and Payroll Guides and PDFs tracking the changes made can be found HR version 2.2 and Payroll version 2.2 respectively.

"The main substantive change made to the guides is with respect of existing pre-April 2014 AVC contracts. Our [LGA] understanding, based on the draft LGPS (Transitional Provisions and Savings) Regulations 2013, is that contributions towards AVC contracts entered into prior to 1st April 2014 will be limited to 50% of the 2008 Scheme definition of pensionable pay. This is by contrast with AVC contracts entered into on or after this date, where the percentage of pensionable pay a member can contribute is not limited.

Web versions of the updated guides are in the process of being produced, and a further email will be sent out later this month to confirm their availability on www.lgpsregs.org."

Consultation on the regulations to introduce a new firefighters' pension scheme from April 2015

14 January 2014

The government has published a consultation on the regulations to introduce a new firefighters pension scheme.

This consultation seeks responses from interested parties on draft regulations for the new firefighters' pension scheme to come into force in April 2015. This consultation covers the provisions relating to membership and benefits in the new scheme and will run until 12 March 2014.

Further consultation exercises covering the financing and governance arrangements of the new scheme, and employee contributions, will follow shortly.

You can find more information on the firefighters' pension scheme reforms page.

Local Government Association – guidance update LGPS Regulations 2013

16 January 2014

Further to our news item at the beginning of January, web versions of the current HR and Payroll guides have now been finalised and are available on www.lgpsregs.org.

The HR Guide can be found here and the Payroll Guide can be found here.

PDFs tracking the changes made from previous versions can be found here.

Further revisions to LGPS guides

4 February 2014

The Local Government Association has recently notified us of revisions to the published guidance.

Revisions have been made to the following guides on www.lgpsregs.org:

- HR guide
- Payroll guide
- Aggregation administration guide
- Annual Benefit Statements administration guide

- Discretions administration guide

A new administration guide covering Survivor Benefits is also now available on the website.

All administration guides, as well as the HR and Payroll guides, are available within the 'Guides and Publications' section of the website.

Please also note that the timeline LGPS 2013 Regulations can be located on www.lgpsregs.org under 'The Regulations'.

LGPS Regulations – guidance now includes a new Survivor Benefits guide

12 February 2014

Following on from previous updates on the subject of the LGPS Regulations the Local Government Association has updated their guidance to include FAQs.

Following on from our last update on 4 February, the LGA have notified us that a Frequently Asked Questions (FAQs) page is now available on the LGPS website under Guides and Publications.

This covers a number of the queries about the 2014 Scheme and the draft transitional regulations that the LGA have responded to in recent months, and provides up to date understanding of the requirements in a number of areas. The FAQs will be built upon in the coming months as further queries arise.

Please let us know if you have any questions that you think the LGA should include in the FAQs by emailing policy or through the CIPP's Local Authority Special Interest Group.

Previous updates can be found on our website News pages and also under 'Local Government Pensions' within the CIPP Policy News Journal (left hand menu under News). You will require login details to access the Journal as it is a member only benefit.

LGA publish Version 2.5 of guidance to LGPS regulations

19 February 2015

The latest version of guidance from the Local Government Association (LGA) is now available.

Versions 2.5 of the HR and Payroll guides have now been published on www.lgpsregs.org and can be found within the Guides and Publications section of the website as both PDFs and web based documents. These versions have had updates:

a) to reflect that the employee contribution rate bandings for 2014/15 have now been confirmed as those specified in the LGPS Regulations 2013, and
b) to clarify the requirements of the 2013 Regulations for applying APP in instances of relevant child related leave.

LGPS HR and Payroll guides

8 April 2014

Updated versions of the HR and Payroll guides from the Local Government Association (LGA) have been published.

The updated guides have been uploaded to www.lgpsregs.org in web and PDF (both clean and tracked change) formats. The guides can also be found through the following links:

- HR guide
- Payroll guide

These updates have been made to incorporate amendments coming about from the publication last month of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

Previous LGPS updates can be found on our website News pages and also under 'Local Government Pensions' within the CIPP Policy News Journal (left hand menu under News). You will require login details to access the Journal as it is a member only benefit.

NEST (National Employment Savings Trust)

WORK AND PENSIONS COMMITTEE – NEST RESTRICTIONS NEED LIFTING

11 February 2013

Renewed calls for action to be taken to lift restrictions sooner than 2017 have been made by the Work and Pensions Committee.

In its report, published 11 February, Lifting the restrictions on NEST the Work and Pensions Committee has reiterated its previous recommendations that the Government remove the cap on annual contributions to NEST (National Employment Savings Trust) along with the ban on transfers in and out of NEST and has urged the Government to introduce the necessary amending legislation as a matter of urgency.

Commenting on the Report, Dame Anne Begg MP, Chair of the Work and Pensions Select Committee, said:

"Since auto-enrolment began, the case for lifting the restrictions has become even more powerful, and the need for action more pressing.

"Employers want simplicity. They want to be able to choose one pension scheme to cover all their employees. The cap on annual contributions to NEST means that employers can't opt for NEST for their higher-earners or if they want to make more generous contributions. So some employers are dismissing the NEST option and choosing a private pension provider who can offer a scheme for all their employees.

"The Government has already made clear that it will need to "fix" the issue of transfers in and out of NEST if it wishes to implement its "pot follows member" solution to the current problem of small pension pots. This makes the case even stronger for lifting the restrictions now.

"Auto-enrolment begins for medium and small employers from 2014. They will begin preparations a year to 18 months before then. Now is the time for action to be taken, it cannot wait until 2017.

"As the Minister himself recognised, we can't wait to see if it goes wrong because by then it will be too late."

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

"The CIPP welcomes the committee's recommendations which support the CIPP members' views. The CIPP submitted its formal response at the end of January 2013."

CIPP response to call for evidence

NEST INTRODUCES NEW EMPLOYER PAGES TO WEBSITE

8 May 2013

As part of a number of planned changes NEST have updated the Employer pages of their website.

NEST have looked to improve their web content in an aim to provide Employers with more help and guidance on the subject of Auto Enrolment.

NEST CONSUMER VIDEO

23 May 2013

NEST has launched a consumer video on their social media channels to reinforce the message about employer contributions. The video focuses on a day in the life of a worker who gets a 'helping hand' from their boss. NEST research shows that employer contributions are key to staying opted in to their automatic enrolment scheme. NEST are hoping that you will use this video to communicate with your workers, helping them to understand what automatic enrolment means for them.

AUTOMATIC ENROLMENT - GOVERNMENT WILL TAKE ACTION TO LIFT RESTRICTIONS TO NEST

9 July 2013

The Department for Work & Pensions (DWP) have published the government response to the call for evidence on the impact of the annual contribution limit and the transfer restrictions to NEST.

The DWP have issued a Press Release that confirms that Ministers have decided to legislate now to lift the constraints from 2017. Employers will therefore have certainty that NEST will continue to remain a suitable pension scheme for their workers when minimum contributions rise to 8 per cent.

Steve Webb Minister for Pensions said:

"With over 250,000 members already, it is clear that NEST is a success. Targeting low to moderate earners that the market has traditionally forgotten, NEST has innovated with its use of language and investment strategy and has ensured that everyone has access to quality pension provision. That is why I am not making any changes until 2017, when automatic enrolment is fully rolled-out. At this point I will lift the contribution limit so that NEST remains a force for good in the marketplace, driving up standards and best practice."

"The position on bulk transfers is much the same. As huge numbers of employers gear-up to start to enrol their workers, we need NEST to focus on getting these people in to pension saving. Once this is achieved and the market is established, the restrictions on bulk transfers will be lifted."

Helen Dean, Managing Director of Product and Operations at NEST, said:

'We are pleased the Government has decided that from 2017 members and employers will be able to use NEST as they would any other pension, with no specific restrictions on the amount they can contribute or the ability to transfer in and out.

'We welcome the certainty this announcement brings for employers and members. This means the restrictions will be lifted before minimum contributions rise to 5 per cent in 2017.

'NEST continues to focus on our target market as we always have done. NEST will continue to work constructively to complement other pension providers and will remain available to provide a high quality low cost scheme for members in order that all employers can meet their duties under automatic enrolment.'

The CIPP also welcomes the move the remove the restrictions on NEST. Karen Thomson, Associate Director of Policy & Research comments *"it is a relief to see the government applying common sense, and listening to the industry; not only employers but individuals too. When the CIPP policy team asked the CIPP members for their opinion in the Call for Evidence consultation it resulted in:*

- *More than 60% believe any changes should be introduced before 2018, with nearly 50% stating the sooner the better.*
- *80% believe NEST should participate in an automatic transfer system;*
- *Nearly 89% believe NEST should have the same transfer rights as other pension providers;*
- *65% believe bulk transfers should be facilitated; and*
- *Whilst many did not believe the cap to be a reason for not using NEST many believed it didn't provide for a fair playing field."*

The government response to the call for evidence can be downloaded from GOV.UK

Automatic enrolment: What workers want to know

4 September 2013

How much will it cost me? What will I get back at the end? Who's looking after my money? Have members of staff asked you any of these questions about automatic enrolment?

According to NEST (National Employment Savings Trust) these three questions are the most common ones that workers ask when they hear they will be automatically enrolled into a workplace pension scheme.

- *How much will it cost me?*
- *What will I get back at the end?*
- *Who's looking after my money?*

NEST has produced a short video, 'Three things to know about automatic enrolment', to help tackle these three core questions.

Members may find this a useful resource as it will help some staff to understand how pensions work in basic terms and it may help to reduce the number of questions you are asked when dealing with automatic enrolment.

To share the video:

- Use this link: http://tinyurl.com/nestvid3; or
- embed the video in your website or intranet using this code: <iframe width="420" height="315" src="//www.youtube.com/embed/1e75RJdFqSk" frameborder="0" allowfullscreen></iframe>

NEST reveals employers' dos and don'ts after one year of automatic enrolment

1 October 2013

In line with the one-year anniversary of automatic enrolment imminent, The National Employment Savings Trust (NEST) has published the top five "dos and don'ts" for employers, based on its insights into the challenges faced by employers who have staged so far.

Tim Jones, CEO of NEST, says:
'Automatic enrolment has brought a radical change to workplace pensions, but it will rapidly become the new normal. Whilst the early stages have primarily affected large employers, the numbers of employers coming under the duties increase dramatically in the next few months. We all have to up the pace to be prepared for much higher volumes and to meet the challenges implementing automatic enrolment brings.

'NEST is already working with over 1,000 employers for automatic enrolment. Our insights into their experiences have enabled us to develop some really useful dos and don'ts for employers still to go through the automatic enrolment experience.'

Employer dos (more details below):

1. **Plan** early – don't underestimate how long it will take, talk to your payroll and other providers as soon as possible.
2. **Assess** your workforce to understand which of your workers are affected.
3. **Communicate** with staff clearly and early; engage and involve. Have a communication plan and involve all relevant departments in your business.
4. **Examine** systems (particularly payroll) to ensure they are ready and capable.
5. You may want **help** - you may want guidance from experts/external advisors.

1. **Plan**

NEST experience indicates that just over half (53%) of employers have spent more than 10 months preparing for the reforms with almost a quarter (24%) taking more than 16 months. Conflictingly, research from NEST shows that there are a number of triggers that galvanise employers into starting their automatic enrolment planning, namely:

- When they are back from summer holidays
- It's after their year-end (when they're busy)
- They've completed another project (for example RTI)
- 1st January (start of calendar year)

'Employers aren't always leaving themselves enough room to implement automatic enrolment and may be placing unnecessary pressure on their business to meet their duties in time. Employers can register with NEST to receive countdown emails; these email reminders can help employers stay ahead of the game,' says Tim Jones.

Over the last year NEST has seen indications that employers are assuming their incumbent provider will be able to meet their automatic enrolment requirements; this is not always the case. By starting conversations early, employers can ascertain whether they can use their existing provider or whether they need to start looking elsewhere.

2. **Assess**

There are 3 types of workers, eligible, entitled and non-eligible. By carrying out a worker assessment you can identify which category each of your workers belong to and your responsibility to them. This will make your job much easier when you need to automatically enrol your workforce.

3. **Communicate**

Communicate with staff clearly and early, have a communication plan and involve all relevant departments in your business. By using effective communication at the start, you can save time-consuming questions later.

Charles Cotton, Rewards Adviser, the Chartered Institute of Personnel and Development (CIPD) comments:
'Getting the communication right from the outset will help make the running of automatic enrolment much smoother. Our members have found that communications have greatly reduced the number of questions they receive from workers. What's more, workers who hear about their new pension from their employer are much more likely to value this as part of their reward package.'

4. **Examine systems**

Assess systems (particularly payroll) to ensure they are ready and capable for your automatic enrolment needs.

Karen Thomson, the Chartered Institute of Payroll Professionals (CIPP) comments:
'Automatic enrolment has required investment in payroll processes and systems, whether in-house or outsourced. The payroll function is best placed to examine the age and earnings of a workforce and determine the number of workers to be automatically enrolled. In addition, payroll can establish the date that workers become 'eligible' for contributions, calculating those contributions and managing refunds to workers who've opted out'.

5. **You may want to get help**

Get advice if you need it. You may want guidance from experts and external advisors. NEST has carried out extensive research with employers and advisers to understand what this new market wants from a pension scheme, and we've incorporated these features into the design of NEST. What they are looking for is something that takes away the headaches of running a scheme: a scheme that is easy to set up and administer day to day; has low charges; with a sophisticated and suitable investment approach; and clear and straightforward communications for members and employers.

NEST also has a number of tools on its website for employers and advisers to use.

Laurence Baxter, Head of Policy & Research at the Chartered Insurance Institute (CII) comments:
'Employers are not pension experts. Advisers can step into this space – many have developed professional expertise in the area of workplace pension schemes, assessing the products and support for employers. Particularly Chartered financial planners are ideally

placed to assist an employer to choose the right scheme for them. They may also provide services to employers on an on-going basis to help with the admin of automatic enrolment.'

Employer don'ts:
As well as sharing the experience on what to do, NEST employers have highlighted what you shouldn't do.

Staged employers warn: 'Don't fall for these misconceptions…'

- 'Once we've chosen the pension provider everything will be done for us'
- 'There'll be a lot of work leading up to the deadline but then our work is done'
- 'We have to offer a pension to all staff'
- 'It's like the stakeholder pensions. Most people will opt out'
- 'Our payroll provider will tell us what we need to do with regards payroll'

'Once we've chosen the pension provider everything will be done for us'
Pension providers aren't going to be able to do everything. Employers tell us that the main challenges they face are understanding how the regulations apply to them, assessing which workers are eligible and communicating the changes to their workers. Not all providers are ready you help you with these. Providers can make it easier though; at NEST, for example, we've put together a range of guides and tools to help employers understand what they'll need to do to get ready.

'There'll be a lot of work leading up to the deadline but then our work is done'
Automatic enrolment isn't just a one-time event. Once you're up and running you'll still have to calculate and pay regular contributions and keep assessing your workforce for anyone that needs to be automatically enrolled every pay period.

'We have to offer a pension to all staff'
Automatic enrolment doesn't apply to everyone. Employers need to automatically enrol all workers who:

- work or usually work in the UK
- aren't already a member of a workplace pension scheme
- are aged at least 22 but under State Pension age
- earn more than £9,440 - this figure applies to the 2013/14 tax year, and is reviewed each year by the government.

These people are known as 'eligible jobholders' and their employers will also have to make a minimum contribution into the pension scheme on their behalf.

'It's like the stakeholder pensions. Most people will opt out'
'At the beginning of automatic enrolment the industry assumed an opt-out rate of around 35 per cent, experience so far is that they are much lower – typically lower than 10 per cent. This is a great success story for workers, with more workers saving for their retirement than anticipated'.

'Our payroll software or service provider will tell us what we need to do with regards payroll'
'Your payroll software might not be able to do everything for you. It might assess the eligibility of your workforce but it won't be able to tell you what your pension rules are, in fact you must tell it what the rules are. The only way you will know what your payroll service provider will do is by asking them – don't just assume! They might run the payroll processes but they might not carry out all the work necessary for you to meet your automatic enrolment obligations.' Karen Thomson, CIPP.

NEST research shows 2014 stagers face fundamental challenges in getting automatic enrolment right

28 January 2014

2014 employers have three fundamental gaps that could present challenges when meeting the new workplace pension requirements: an experience gap, a knowledge gap and a reality gap

New findings released today by NEST show that employers staging in 2014 have three fundamental gaps to deal with as they meet their automatic enrolment challenges. Identified as the experience gap, knowledge gap and reality gap, NEST warns that, compared with their predecessors, second year employers may not be engaging enough with the detail of the reforms in order to successfully manage their duties.

The report, NEST Insight, commissioned by national not-for-profit pension scheme NEST, found that first year employers successfully navigated their way through the legislation thanks to their pensions experience and knowledge and by dedicating enough time to the project. However, many reported that implementing the duties took longer than expected. The research found that 20 per cent of first year employers had taken over 16 months to get ready, despite previously offering a pension scheme to at least some of their workers. Even with this level of preparedness and experience, 66 per cent found meeting their duties more difficult than anticipated.

Commenting on the findings, NEST chief executive Tim Jones said:

"The success of automatic enrolment so far, with low opt-out rates and over 2.5 million workers automatically enrolled in a workplace pension, is due in large part to the efforts of first year employers. 2014 sees a new set of employers meeting their duties and they may find it more difficult than their predecessors. Our research suggests that 9 out of ten employers will expect help to fill any gaps in experience, expectations and knowledge. 'Our research also suggests that intermediaries are gearing up to help, but it's vital that providers, intermediaries and employers work together to ensure the next wave of employers can meet their duties successfully."

NEST insight identifies three gaps that employers may need help to tackle in 2014 and beyond:

The experience gap
Around a third of 2014 employers are likely to either not offer any pension scheme at all or just have a shell stakeholder scheme in place, while all 2013 employers had offered a pension. Only around half (52 per cent) said that they had a good understanding of pensions compared with 96 per cent of earlier stagers.

The knowledge gap
The research suggests that not only do some employers lack knowledge about pensions, but they haven't engaged with the detail of the reforms – for example, only 53 per cent of employers staging between February and July 2014 are aware that they can postpone enrolments for up to 3 months, with only 12 per cent planning to do so. This compares with around half of 2013 stagers applying a waiting period. The employers NEST interviewed found it difficult to map out the process they intended to follow as they had limited knowledge of the details of the reforms.

The reality gap
Results from TPR's latest tracking survey with employers found that only one in 10 employers staging in 2014 say they plan to leave it as late as possible to comply. This plan to be ahead of their deadline is at odds with the insight that only 23 per cent of employers staging between February and July 2014 have both confirmed the provider they'll use and that they've done everything else they need to do in order to be ready to comply. This

suggests that employers are not getting the message that they need to plan ahead, and are underestimating how much work is involved and how long implementation may take them.

CIPP comment *(from page 58 of Nest insight)*

The CIPP has been impressed by the way in which employers and payroll software providers have embraced automatic enrolment in 2013. 2013 also saw the Minister of State for Pensions, Steve Webb demonstrating that he has listened to employers, payroll software providers and representative bodies to help simplify some of the very complex rules. However where will we be in 2014?

The CIPP still has major concerns for the smaller employer, in particular those who are due to stage between May and July 2014. It is critical that businesses understand their obligations to ensure they don't fall foul of the legislation. No one knows what the capacity capability of the pensions industry will be and we hope businesses and employers have seen the adverts and talked to their pension providers or financial advisors to ensure they are ready.

A lot of middleware products have come on to the market and employers need to weigh up the costs versus administration. Different products will be required depending on what the employer has in place now, or might need in the future to meet their obligations. One point to bear in mind is that if 30,000 employers all go to their pensions providers, middleware or payroll software provider in the month before they are due to stage they will likely not meet their staging date! The CIPP would urge all employers due to stage next year to plan now - don't be left behind.

Supporting this research, the CIPP has recently launched the automatic self-assessment exercise to assist employers with ensuring their readiness for automatic enrolment. Details can be found here.

'NEST insight' annual research report can be viewed on the CIPP website.

Preparing for automatic enrolment with NEST

4 February 2014

NEST has produced a webinar aimed at payroll software developers and payroll providers.

This webinar which will run for one hour on 24 February 2014 at 11am is looking at the role of payroll function in automatic enrolment and has been designed specifically for payroll software and payroll providers.

- If you're a payroll software developer this webinar will cover how NEST will work with your software to exchange data files.
- If you're a payroll bureau or service this webinar will demonstrate how you can set up and run NEST for your clients.

You will be able to submit questions throughout the webinar and they will be responded to in a dedicated Q and A session at the end.

Information about NEST webinars can be found at the NEST website.

State Pension

DWP: CHANGES TO STATE PENSION AGE

4 November 2011

Currently, the State Pension age for men is 65. On 6 April 2010, the State Pension age for women started to increase gradually from 60 to 65, to match men's.
New proposals to increase the State Pension age are currently going through Parliament in the Pensions Bill. These proposals are not yet law and still require the approval of Parliament. It is these proposals that the government is amending to slow down the State Pension age increase.

Parliamentary approval
These proposed changes to the timetable are not yet law and still require the approval of Parliament. These changes will be tabled as an amendment to the Pensions Bill, currently passing through Parliament. If this amendment is agreed by Parliament the State Pension age will not reach 66 until October 2020. The revised timetable is shown in the second table below.
This will mean that no woman will have an increase in her State Pension age, against the current timetable, of more than 18 months.

Proposed changes for women
The government's amendment does not change the timetable for increasing women's State Pension age from 63 to 65, which is proposed in the Bill and is shown below.

Date of birth	Date State Pension age reached
6 April 1953 to 5 May 1953	6 July 2016
6 May 1953 to 5 June 1953	6 November 2016
6 June 1953 to 5 July 1953	6 March 2017
6 July 1953 to 5 August 1953	6 July 2017
6 August 1953 to 5 September 1953	6 November 2017
6 September 1953 to 5 October 1953	6 March 2018
6 October 1953 to 5 November 1953	6 July 2018
6 November 1953 to 5 December 1953	6 November 2018

Proposed changes for women and men

This table shows the revised increase in State Pension age from 65 to 66 (for men and women)

Date of birth	Date State Pension age reached
6 December 1953 to 5 January 1954	6 March 2019
6 January 1954 to 5 February 1954	6 May 2019
6 February 1954 to 5 March 1954	6 July 2019
6 March 1954 to 5 April 1954	6 September 2019

6 April 1954 to 5 May 1954	6 November 2019
6 May 1954 to 5 June 1954	6 January 2020
6 June 1954 to 5 July 1954	6 March 2020
6 July 1954 to 5 August 1954	6 May 2020
6 August 1954 to 5 September 1954	6 July 2020
6 September 1954 to 5 October 1954	6 September 2020
6 October 1954 to 5 April 1960	Your 66th birthday

Planned State Pension age increases

Under the current law State Pension age will already increase to:

- 67 between 2034 and 2036
- 68 between 2044 and 2046

However, the government is considering how the State Pension age should be changed in the future. This may mean the timetable for increases to 67 and 68 will be revised. The government will bring forward proposals in due course. Any change to the timetable would require the approval of Parliament.

SINGLE TIER PENSION – LAUNCH BROUGHT FORWARD TO 2016

20 March 2013

The government has announced that they will look to launch the new single-tier State Pension now in April 2016.

In January 2013 the Government published the White Paper – The single-tier pension: a simple foundation for saving' which set out plans for the single-tier pension. Since then feedback received from stakeholders has reinforced the need to reform the state pension as soon as possible and so to that end, and in line with the original intention, the government has looked at ways to deliver single-tier earlier than 2017 and can now confirm that the single-tier pension will begin in April 2016.

By starting a year earlier it is estimated that around 400,000 more people will reach State Pension age under single tier, including every woman affected by the acceleration of the equalisation of the State Pension age.

The government have committed to continue to work with stakeholders and the industry throughout implementation of the single-tier pension, and in particular to assist with a smooth transition during the end of contracting out.

Steve Webb, Minister for Pensions said "*Our reforms will create a simple, decent State Pension, which is set above the basic means test sooner. The new State Pension will be fairer to the low-paid, the self-employed and carers and make it easier for people to understand what they will get from the State when they reach State Pension age*.

"*By introducing single tier in 2016, every woman affected by the changes we have made to the State Pension age in this parliament will also now have access to the new State Pension*."

The press release can be read in full at the DWP website.

WORK AND PENSIONS SELECT COMMITTEE ISSUES REPORT

5 April 2013

The recent report on the Single –tier State Pension (STP) from the Work and Pensions Select Committee has criticised the government's decision to bring forward the implementation date to April 2016.

The report recognises the clarity and simplicity that the new system will eventually bring. The STP is intended to reduce reliance on means-tested benefits. Pension Credit will still be available but the Savings Credit element will be abolished, reducing the numbers of people eligible for means-tested benefits.

However, one of the most significant changes the reform will bring is that contracting-out will also end. The report points out that when the pensions industry and employers had indicated that they were largely satisfied with their involvement in the development of the contracting –out provisions of the draft Bill, this was when they thought they had until 2017 to prepare for the changes. Bringing things forward by a year may well present them with a more significant challenge and it is vital, says the report, that the DWP continues to work closely with pension schemes and employers on the detailed arrangements for ending contracting-out.

DWP plans mean that, for employers, the end of contracting-out will mean an increase in NICs paid for each contracted-out employee of 3.4% of relevant earnings. DWP acknowledges that employers are likely to want "to reduce the level to which they must fund their [pension] scheme by the same amount as the increased National Insurance contributions" when contracting-out ends, either by reducing future pension benefits or by increasing employee contribution rates to pension schemes, or a combination of both.

However, some private sector employers are limited by their scheme rules in the extent to which they are able to modify scheme benefits and in many cases scheme rules can only be changed by the scheme trustees or with the trustees' consent. As the changes are likely to be seen by trustees as detrimental to scheme members, they may not be willing to give their consent.

Provisions in the draft Bill would give employers a statutory power to amend the terms of their workplace pension schemes to increase member contributions or to reduce future service benefits, without trustees' consent if necessary.

MULTIPLE JOBS ALL PAYING BELOW THE LEL – NO LONGER A PROBLEM FOR THE SINGLE TIER PENSION

29 May 2013

Employees who have multiple low-paid jobs earning below the National Insurance (NI) threshold will now qualify for credits towards the new State Pension.

In a Press Release issued by the Department for Work & Pensions it has been confirmed that those with a job earning less than the Lower Earnings Limit (LEL) of £5,668, and who may have other similarly low-paid jobs, are currently excluded from the basic State Pension. They are not liable to pay NI contributions and unless they qualify for NI credits for another reason or make them up themselves, they miss out on their State Pension.

It is proposed that this will change when Universal Credit is fully rolled out. Low-paid women in particular stand to gain credits towards the flat-rate State Pension as a result of the reforms.

Pensions Minister Steve Webb said:

"Our reforms will usher in a simpler and fairer State Pension. And with Universal Credit, people with multiple, low-paid jobs will also for the first time be able to access the State Pension.

"Hundreds of thousands of people will benefit, particularly women who hold down a number of part-time, low-paid jobs, but have previously been prevented from building up a State Pension."

The press release can be read in full at GOV.UK

DWP NATIONAL INSURANCE CREDITS AND THE SINGLE TIER PENSIONS PAPER

4 July 2013

DWP have recently we published the *National Insurance Credits and the single-tier pension* paper which provides a useful summary of information about NI credits and provides detail to the current NI system.

The paper covers the range of credits that are available and what entitlement they confer. It also goes on to provide detail of how this will changes under Universal Credit which is being gradually rolled out and potential changes under single tier.

The paper is available on GOV.UK National Insurance credits and the single-tier pension

State Pension age rise to be brought forward

5 December 2013

More people will have to work until they are 68 before being entitled to a state pension under plans to be announced by Chancellor George Osborne.

Ahead of the Autumn Statement later this morning, the BBC has reported that Osborne will announce that the date when the State Pension age will rise to 68 will be brought forward to the mid-2030s.

The current State Pension age was set to change from 65 to 68 in 2046.

The pension age could rise again to 69 in the late 2040s, he will add, meaning people now in their 20s may have to work until they are 70.

Moving the change forward will ensure "the country can offer people decent pensions", a government source said.

A new formula will increase the State Pension age to keep pace with increasing life expectancy.

The government will say that people should spend on average no more than one-third of their adult lives in retirement.

The government has already announced the State Pension age will increase to 66 by 2020 and 67 by 2028; these dates will not change.

But it said in a statement: "Under current estimates of life expectancy the principle being confirmed today implies the State Pension age rise to 68 could come forward to the mid-2030s, from its current date of 2046, rising to 69 by the late 2040s.

"This will affect people in their forties and below; no-one over 50 will have a retirement age of 68 or more."

A review of the way the State Pension age is calculated, announced earlier this year, will be informed by "up-to-date" life-expectancy figures.

A government source said: "This is part of the government's long-term plan to secure a responsible recovery.

"It is a difficult decision to make sure there is a fair deal across future generations and that the country can live within its means.

"It will help make sure the country can offer people decent pensions in their old age in a way that with increasing life expectancy the country can also afford."

State Pension age framework

19 December 2013

As announced in the Autumn Statement, further details of the State Pension age framework have been published detailing how this may work in practice.

The State Pension Age framework forms part of the Pensions Bill, currently going through Parliament, setting out the guiding principle the government believes should underpin the framework. The principle is that people should expect to spend, on average, up to a third of their adult life in receipt of the State Pension.

The Department for Work & Pensions (DWP) has published information which sets out the details of how this principle may work in practice:

- Reviewing the State Pension age – contains information about the policy around State Pension
- Future State Pension age rises: DWP background note - sets out how the principle may work in practice.

There are no changes to the State Pension age timetable as a result of this announcement. Future governments will keep the State Pension age under review, and will legislate as necessary for any changes.

As well as life expectancy, the State Pension age review will take into account evidence from an independently-led review, which will look into wider factors relevant to setting State Pension age. The Government intends that individuals affected by changes to their State Pension age should be given at least ten years' notice.

Powers, Deterrents and Safeguards

Alternative Dispute Resolution (ADR)

ALTERNATIVE DISPUTE RESOLUTION FOR SMALL AND MEDIUM ENTERPRISES AND INDIVIDUALS

4 February 2013

HMRC has today announced that, following a two year pilot, alternative dispute resolution (ADR) for small and medium enterprises (SMEs) and individuals will become business as usual from 2013-14.

Richard Summersgill, Director of Local Compliance said: “ADR is a fair and even-handed way of resolving tax disputes between HMRC and its customers. In brief, ADR will save time and help reduce costs for everyone. We have had good feedback from both SMEs and individual customers and are grateful to the accountancy and professional community for their assistance and support during the pilot stages.”

More about alternative dispute resolution

Alternative Dispute Resolution Trial – evaluation report

12 April 2013

From HMRC stakeholder update – number 13

Evaluation report highlights findings of alternative dispute resolution trial

A summary evaluation report highlighting the success of HMRC's recent alternative dispute resolution trial for small and medium enterprises and individual customers has now been published.

Alternative Dispute Resolution for SMEs and individuals

4 September 2013

After a two year trial and extensive consultation with professional bodies and the voluntary sector, Alternative Dispute Resolution (ADR) becomes part of normal HMRC business.

Richard Summersgill, HMRC Director of Local Compliance published a message on HMRC’s website announcing that ADR for SMEs and individuals has entered mainstream HMRC business. He states that customers have said they like the speed and flexibility of ADR and that evidence has shown that by using the simple ADR service many disputes can be significantly shortened and resolved without recourse to Tribunal.

Capability has been increased and a new national team of specially trained facilitators are in place to help resolve tax disputes.

For more information on ADR and how to complete the fast and simple application process follow the link below.

Alternative Dispute Resolution trial for Small and Medium Enterprise and Individual customers

Alternative Dispute Resolution pilot for large and complex cases

10 September 2013

HMRC has published a summary report of the pilot for Alternative Dispute Resolution (ADR) for large and complex cases and announces the ongoing use of the facility.

This pilot has tested the effectiveness of using ADR techniques in large and/or complex tax and related disputes to either resolve the issue(s) outright by achieving a mutually

acceptable outcome or by bringing clarity to the factual landscape or arguments to make litigation more efficient.

You can read the 8 page report by following the link below.

Alternative Dispute Resolution in Large or Complex cases

Compliance

IF YOU ARE A TAX CHEAT – THERE IS NO SAFE HAVEN - SAY HMRC

9 May 2013

HM Revenue & Customs has published a press release confirming that it is working with the US and Australian tax administrations (the IRS and ATO) on data which reveals extensive use of complex offshore structures to conceal assets by wealthy individuals and companies.

The 400 gigabytes of data is still being analysed but early results show the use of companies and trusts in a number of territories around the world including Singapore, the British Virgin Islands, the Cayman Islands, and the Cook Islands. The data also exposes information that may be shared with other tax administrations as part of the global fight against tax evasion.

So far HMRC has identified over 100 people who benefit from these structures and a number of those individuals had already been identified and are under investigation for offshore tax evasion. They have also identified more than 200 UK accountants, lawyers and other professional advisors who advise on setting up these structures who will also be scrutinised. UK residents who use these offshore structures should review their taxation arrangements, and seek advice if necessary, to ensure they are compliant with UK tax law. HMRC encourages voluntary compliance and early disclosure of tax irregularities. Failure to do so may result in a criminal prosecution or significant financial penalties and the possibility of their identity being published.

Chancellor of the Exchequer George Osborne said:

"The message is simple: if you evade tax, we're coming after you. The Government has invested hundreds of millions of pounds to fund the fight against tax evasion, both at home and abroad. This data is another weapon in HMRC's arsenal. Ahead of the UK's presidency of the G8 this year, the Prime Minister has made it a key priority to drive an international effort to increase transparency and clamp down on tax avoidance and evasion. By working with our international partners in this way, we are again demonstrating our commitment to this work."

Jennie Granger, HMRC Commissioner and Director General for Enforcement and Compliance said:

"Working with the international tax community to pursue offshore evasion is another important step in closing the net on tax evasion.

There is nothing illegal about an international structure, especially in a globally integrated economy and these arrangements may be perfectly legitimate and may already have been declared to HMRC. However they may involve tax evasion, avoidance or other serious offences by taxpayers. What has to stop is using offshore structures to illegally hide assets and income".

Business Record Checks

BUSINESS RECORD CHECKS RE-LAUNCH

1 November 2012

Ministers have agreed to the recommencement of Business Record Checks (BRC). The re-launch will begin 1 November 2012 and will be rolled-out, on a region by region basis, over a period of 14 weeks finishing early in 2013.

The re-launch will initially involve HMRC writing to customers who they believe may be at risk of keeping inadequate records, advising them that they will be calling them to discuss their business. The customer's response to this conversation will then enable HMRC to assess whether no further action is required, the customer could benefit from tailored educational support, or if a BRC visit is required.

Where a BRC visit reveals the customer is keeping inadequate records, a follow up visit will be arranged normally three months later, giving the business a reasonable time to make the necessary improvements to their record-keeping processes. If, on the second visit, the records have not improved to an adequate standard, then a penalty may be charged.

The re-designed BRC process will offer benefits for businesses at risk of keeping inadequate records. It will help businesses pay the right amount of tax at the right time, thereby avoiding interest and penalties for errors and late payment, whilst also giving HMRC greater assurance when a business submits its tax returns.

Roll Out Schedule for BRC

- London / London and Anglia – 26 November 2012
- South East England – 14 January 2013
- Scotland – 14 January 2013
- Northern Ireland – 14 January 2013
- Central – 21 January 2013
- East of England – 28 January 2013
- North Wales & the North West – 28 January 2013
- South Wales & the South West – 4 February 2013

Further information

- HMRC extend Business Record Checks - 23 September 2011
- Business Record Checks - 7 February 2012

FRESH APPROACH TO BUSINESS RECORD CHECKS

3 December 2012

Businesses need to keep adequate business records so that they can complete their tax returns correctly.

A pilot programme of Business Records Checks (BRC) began in April 2011. This involved checks by HMRC on the adequacy of Small and Medium-sized Enterprises' (SMEs) statutory business records. SMEs are businesses with an annual turnover below £30 million who employ less than 250 people.

Up until 17 February 2012, 3,431 BRC had been carried out. These found that 36 per cent of businesses had some issue with their record-keeping of which 10 per cent had issues serious enough to warrant a follow up visit.

Following a review, HMRC announced a fresh approach to its pilot BRC programme on 3 February 2012.

The review of the pilot programme, which included discussions with trade and professional bodies' representatives, found clear evidence that the programme was effective in improving record-keeping practices amongst SMEs. However, it recommended that the checks were better targeted in future, and linked to wider education and support activities.
In order to implement the review's recommendations all new BRC activity was paused from 3 February to 31 October 2012 to allow HMRC to redesign the BRC process.

Read the full report of the Business Records Checks Review

Overview of new approach to BRC
A new approach to BRC started on 1 November 2012. Customers who are more likely to be at risk of having inadequate records will be contacted by letter to arrange for HMRC to call them to go through a short questionnaire.

Depending on the outcome of this call, HMRC will confirm to some customers that no further action is required. Where some issues are identified, customers will be offered targeted self-help education options. Customers who are assessed as being at risk of keeping inadequate records will be referred for a BRC visit.

HMRC develops a new approach to Business Records Checks

24 October 2013

HMRC are changing their Business Records Check activity to ensure it better targets help to those who are likely to have inadequate records.

HMRC Business Records Checks (BRCs) programme uses on-site visits to encourage customers to keep better records, and keep up to date.

The checks help and encourage small and medium-sized enterprises to improve the standard of records they keep. This then helps them to send correct returns to HMRC.

Customers whose records were not adequate on first inspection, and who received follow up visits, all improved their record-keeping standard. HMRC have not had to charge any penalties.

In the latest phase of BRC, many of the customers contacted by HMRC have been keeping records correctly. So HMRC wants to explore how to better target this activity.

From 4 November 2013, HMRC's BRC activity in the Edinburgh, Glasgow, Leeds, Bradford and Stockport areas will explore new ways of using the checks. As part of this, HMRC will evaluate new risk processes and ensure new approaches are cost-effective and fit with its wider compliance activity.

HMRC will also work with tax agents' representatives to review the benchmarks of what good record-keeping should be. Many tax agents already do much to improve their clients' record keeping and HMRC wants to work with them to improve standards.

For customers outside the development areas HMRC will continue with existing BRCs until they are completed. This means:

- if you have received a letter dated on or before 23 October 2013, HMRC will still contact you by telephone to ask you to complete an initial telephone questionnaire

- if HMRC has not yet booked a visit with you, they will offer you the opportunity to get advice on keeping business records from their Business Education and Support Team as an alternative to a visit
- if HMRC has already booked a visit, they will offer you the option of advice on keeping business records from a member of the Business Education and Support Team
- if you are waiting for a follow-up visit, this will still go ahead.

More useful links

- Business records checks
-

HMRC amend guidance on Business Records Checks

5 November 2013

Last month we published news that HMRC are changing their Business Records Check activity to ensure it better targets help to those who are likely to have inadequate records. The guidance they published has been amended.

HMRC has published the following on their website:

HMRC Business Records Checks (BRCs) programme uses on-site visits to encourage customers to keep better records, and keep them up to date. The checks help and encourage small and medium sized enterprises to improve the standard of records they keep. This then helps them to send correct returns to HMRC.

Customers whose records were not adequate on first inspection, and who received follow up visits, all improved their record-keeping standard. HMRC have not had to charge any penalties.

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HMRC will also work with tax agents' representatives to review the benchmarks of what good record-keeping should be. Many tax agents already do much to improve their clients' record-keeping and HMRC wants to work with them to improve standards.
For customers outside the development areas HMRC will continue with existing BRCs until they are completed. This means:

- if you have received a letter dated on or before 23 October 2013, HMRC will still contact you by telephone to ask you to complete an initial telephone questionnaire
- if HMRC has not yet booked a visit with you, they will offer you the opportunity to get advice on keeping business records from 'Help and support for businesses' (see link below) where you can access further guidance on record keeping
- if HMRC has already booked a visit, they will offer you the option of advice on keeping business records from the 'Help and support for businesses' options (see link below)
- if you are waiting for a follow-up visit, this will still go ahead

Help and support for businesses

Single Compliance Process

SINGLE COMPLIANCE PROCESS – UPDATE FOR TAX AGENTS

8 August 2013

HMRC has published a briefing note explaining the outcome of the evaluation of the Single Compliance Process.

What is the Single Compliance Process (SCP)?

HMRC sees the SCP as a single framework within which the majority of future small and medium enterprise business compliance checks will be undertaken, catering for both single tax and cross-tax enquiries. The aim is to relieve the compliance burden on businesses and their agents and to increase the efficiency of their activities.

A specially convened sub-group of the Compliance Reform Forum has been working closely with HMRC over the last couple of years to develop and trial a new enquiry process. During the design/trial stages, feedback and concerns were considered and agreement was reached on a revised opening approach under which the agent will be contacted in the first instance.

The evaluation work has and will help HMRC to understand more about how customers can benefit from an SCP approach. It has also allowed the department to gather additional information to establish that indicative benefits will be seen across the broader range of cases.

For full details read HMRC's briefing note.

Tax Avoidance & Evasion

HMRC BRIEFING ON TACKLING TAX AVOIDANCE

10 September 2012

HMRC has published a briefing on tackling tax avoidance. The brief explains what HMRC are doing to stop those bending the rules of the tax system to gain an unfair tax advantage, in cases where a business or individual operates within the letter - but not the spirit - of the law.

HMRC Briefing - Tackling tax avoidance

NEW GUIDANCE ISSUED – GAAR

17 April 2013

Following approval from the GAAR advisory panel, HMRC has issued new guidance for the General Anti-Abuse Rule (GAAR).

The General Anti-Abuse Rule (GAAR) is one part of the Government's approach to managing the risk of tax avoidance. It was introduced to strengthen HM Revenue & Customs' (HMRC's) anti-avoidance strategy and help HMRC tackle abusive avoidance. The GAAR legislation defines what are, for its purposes, tax arrangements that are abusive.

However be aware that if something isn't covered by the **GAAR** it doesn't mean it won't be tackled in another way. HMRC has stated that they will continue to tackle tax avoidance using existing anti-avoidance methods as well as the GAAR, where appropriate.

The GAAR applies to the following taxes:

- Income Tax
- Corporation Tax (including amounts chargeable or treated as Corporation Tax)
- Capital Gains Tax
- Inheritance Tax
- Petroleum Revenue Tax
- Stamp Duty Land Tax
- Annual Tax on Enveloped Dwellings

DISCLOSURE OF TAX AVOIDANCE SCHEMES: DRAFT REGULATIONS PUBLISHED

19 July 2013

HMRC has published a technical note, including draft regulations to amend the Disclosure of Tax Avoidance Schemes confidentiality hallmark and introduce a new employment hallmark.

HMRC believes that tax avoidance represents a significant part of the UK tax gap, using the tax law to obtain a tax advantage that Parliament never intended. They say it frequently involves contrived, artificial transactions that serve no purpose other than to reduce tax liability. And it enables some taxpayers to gain an unfair advantage, undermining confidence in the tax system.

HMRC's anti avoidance strategy has three core elements:

- Preventing avoidance at the outset where possible;
- Detecting it early where it persists;
- Countering it effectively by challenge by HMRC.

The Disclosure of Tax Avoidance Schemes (DOTAS) regime is a key component of the detection element of the strategy. It enables HMRC to:

- Get early information about avoidance schemes and how they work - informing anti-avoidance legislation;
- Get information about who has used the scheme - informing our operational response;
- Reduce the supply of avoidance schemes and deter promoters and users from getting into avoidance.

You can find out more about the disclosure regime on the Tax Avoidance pages of the HMRC website.

In the "Lifting the Lid on Tax Avoidance Schemes" consultation in 2012, amendments to the confidentiality hallmark and a new employment income hallmark were proposed. Following that consultation and further informal discussion with interested parties HMRC has now issued draft regulations for consultation. The CIPP Policy Team will be studying these regulations and will issue a survey to members if appropriate.

RAISING THE STAKES ON TAX AVOIDANCE – CONSULTATION

13 August 2013

Users of failed tax avoidance schemes will face penalties, and government will clamp down on high-risk promoters under new proposals.

The government is consulting on proposals to tackle the behaviour of high-risk promoters of avoidance schemes, including naming high-risk promoters, a range of new information requirements and other associated penalties.

Tackling the supply of and demand for avoidance schemes, Raising the stakes on tax avoidance follows on from the 2012 Lifting the lid on tax avoidance schemes consultation. The 2012 consultation highlighted the behaviour of high-risk promoters as a problem for HMRC, tax advisers and representative bodies and this consultation seeks views on proposals to address this.

One proposal for tackling the behaviour of high-risk promoters is to 'name and shame' them. HMRC does not currently have the power to name promoters of avoidance schemes whose behaviour is high-risk; Raising the stakes on tax avoidance consultation looks to give HMRC the power to do so unreservedly.

Naming high-risk promoters will publicly identify them, distinguish them from mainstream tax advisers and make sure that their customers know who they are dealing with.
Other proposals include new information powers so that HMRC gets early information about the avoidance schemes which these high-risk promoters are promoting and penalties of up to £1 million for failing to comply with the information powers.

For avoidance schemes users the stakes could be equally as high. Once a scheme has been defeated in court by HMRC, users of similar avoidance schemes under investigation could be forced to amend their return or face paying a penalty based on the tax avoided.
Aimed at making sure tax avoiders settle their tax liabilities quickly, imposing penalties for failed avoidance schemes will also act as a deterrent. This will help HMRC clear cases more quickly and will reduce the amount of time spent on litigation.

The vast majority of tax advisers are not high-risk and have moved away from selling aggressive avoidance schemes but; there is still a minority that persists in promoting these schemes.

This stage of the consultation will close on 4 October 2013.

The policy team will be reviewing this consultation and will publish a survey shortly if deemed necessary.

HMRC REVIEW OF TAX AVOIDANCE DISCLOSURE REGIMES

13 August 2013

HMRC is inviting anyone with experience of tax disclosure schemes to share their views.

HMRC is conducting a full review of the UK's disclosure regimes - the Disclosure of Tax Avoidance Schemes (DOTAS) regime and the VAT Disclosure Regime. The review is due to be complete by March 2014.

This review will consider the success of the regimes since their introduction in 2004, how they're operating against policy objectives, levels of compliance with the regimes and the burden they place both on taxpayers and HMRC.

How you can help

HMRC is asking anyone with experience of either DOTAS or the VAT Disclosure Regime to help them by answering a short questionnaire on the regimes. Your experiences are important in helping HMRC form a more complete, objective view of the disclosure regimes.

All responses to questionnaires will be anonymised and held confidentially. Questions do not relate to specific discloseable schemes or arrangements. Responses will be analysed collectively and information provided will not be used by HMRC beyond the scope of this review, or to identify individual promoters or users.

In order to guarantee that your feedback is included in the review, HMRC asks that you complete the questionnaire by Friday 20 September 2013.

Treasury announces government action on tax avoidance and evasion

18 September 2013

The government is taking action to stop people avoiding tax by using rules known as compensating adjustments.

The rules, which are designed to avoid double taxation between individuals and connected companies, are increasingly being used by individuals to reduce their income tax bill.

HMRC has evidence that the rules are being exploited in two areas. In the first, partnerships pay companies for services at cost price and use the tax rules to create a mark-up which is not actually paid, but which reduces the bill of individual partners.

In the second type of case seen by HMRC, individuals lend money to a company in which they are a shareholder, charging excessive interest payments on which they do not pay full income tax.

The government will change the law to remove this avoidance opportunity, following a period of informal consultation on the technical detail.

Separately, HMRC is to launch a campaign targeting landlords who are failing to pay the tax due on rents they receive on their properties.

HMRC estimates that up to 1.5 million landlords may have underpaid or failed to pay up to £500 million in tax in 2009 to 2010.

The campaign will target all landlords, but will be focussing compliance activity into specific landlord ‘types’, for example, those who own more than one property, specialist landlords who rent to students, people with holiday lets and those who let houses in multiple occupation.

The campaign will give landlords who owe tax the opportunity to come forward voluntarily to put their tax affairs in order. If they do not do this and HMRC finds them first they will face bigger penalties and could face criminal proceedings.

HM Treasury/HMRC press release

HMRC policy on withholding repayment claims in avoidance cases

19 September 2013

HMRC has published a Brief setting out their policy on withholding repayment claims in avoidance cases.

HMRC aims to stop tax avoiders from acquiring an advantage, even a temporary advantage, over the majority of taxpayers who don't try to get around the rules.

Revenue & Customs Brief 28/13

Employee bonuses: avoidance scheme involving Restricted Securities

6 November 2013

HM Revenue and Customs has published information about an employee bonuses tax avoidance scheme involving Restricted Securities.

HMRC has won a tribunal involving an attempt to avoid tax and National Insurance contributions on employee bonuses. In LM Ferro Ltd v HMRC a bonus was paid in the form of an award of shares. The decision confirmed HMRC's view that these types of devices to avoid tax simply do not work - if you pay what is really a bonus, tax and National Insurance contributions are due no matter how it is dressed it up.

The scheme in LM Ferro was marketed by Powrie Appleby but similar avoidance schemes were marketed by other promoters. HMRC considers cash received by beneficiaries of awards in those schemes is also chargeable to Income Tax and National Insurance contributions.

HMRC expects those who used these schemes to make full payment of the tax and National Insurance contributions due, plus interest. Those companies and employees affected should contact HMRC to settle their liabilities and prevent additional interest accruing. You can contact HMRC on Telephone 03000 532624.

Penalties may be charged if you failed to take reasonable care when making returns to HMRC.

Tackling tax avoidance: Spotlights

2 January 2014

'Spotlights' warns you about certain tax avoidance schemes which HMRC thinks you should be aware of. These are just some of the schemes which HMRC believes are being widely offered to help those using them to avoid tax. HMRC is currently improving Spotlights to add more schemes.

You should be wary of other types of schemes, not just those listed here. If you are offered a way to pay less tax that sounds too good to be true, it probably is and be aware, HMRC never approves any scheme.

You are responsible for making sure that your tax return is correct - so make sure you understand what you are signing up to. If you do use an avoidance scheme you will be subjected to an HMRC enquiry.

Download a briefing about how HMRC is tackling tax avoidance

If you want to report a scheme that you believe has been set up to avoid tax, you should let HMRC know.

Contact HMRC to report a scheme

Update on Contractor Loan tax avoidance schemes

The First-tier Tribunal comprehensively and robustly dismissed all the arguments put forward by an IT contractor to persuade them that his contractor loan tax avoidance scheme worked and the money he received was not taxable. In Philip Boyle v HMRC the tax tribunal judge decided that the money paid over to Mr Boyle as loans was 'in substance and reality income from his employment' and therefore taxable.

This tax tribunal decision means that the contractor has to pay tax on the loans.

Mr Boyle argued that if he had received income from his employment, it should have been taxed under PAYE by the offshore company and that he should not have to pay. The judge dismissed that argument as well. She also decided that even if the money Mr Boyle received under the scheme was not income from employment, he would still have to pay tax as a result of specific rules to prevent tax avoidance known as the 'Transfer of Assets Abroad' rules.

Find more information on the tax tribunal decision

Tax avoidance scheme promoters sold contractor loan schemes with a variety of different features but they all involved individuals signing an employment contract with an offshore company and receiving a large proportion of their income in the form of a 'loan' from their employer - either directly or through an intermediary. In September 2013 we said that we were challenging these schemes. Many people have received tax assessments, or letters opening enquiries, and we are continuing to issue more and to pursue the tax which should be paid.

Many contractors who used these schemes have already agreed to pay tax and interest on the money they received. Others have been waiting for this decision before deciding what to do. If you are one of those people who waited for the decision we would encourage you to come forward now to resolve your tax position. You can contact us by email, or by writing or calling the contact shown on the assessments or enquiry notices you have received.

HMRC campaign targets offshore account holders in clamp-down on tax evasion

25 February 2014

The days of hiding money in another country to cheat the UK are coming to an end as HMRC launch a fresh campaign on offshore tax evasion.

Chancellor George Osborne has launched a new campaign targeting taxpayers with money hidden in offshore accounts.

The UK has already entered into new information-sharing agreements with the Crown Dependencies and Overseas Territories which will provide HMRC with access to more data than ever before on offshore accounts held by UK taxpayers.

The UK, following an agreement reached last year with France, Germany, Italy and Spain, will also move quickly to implement the new global standard on a multilateral basis. So far 42 countries and jurisdictions have joined this initiative which will lead to the rapid embedding of the new global standard and the removal of hiding places for tax evaders as HMRC uses new information to clamp down on tax evasion.

Any taxpayer who has declared all of their income has nothing to fear, but anyone who fails to do so will have to pay the tax itself as well as penalties of up to twice that sum, and could face imprisonment. The new HMRC campaign will run in national newspapers and weekly magazines from Monday 24 February 2014.

Read the full press release from HMRC.

HMRC has also published an issue briefing on how they are tackling offshore tax evasion which explains how they are reducing the opportunities for offshore evasion, what they are doing to identify and catch evaders, and the tough consequences for those who evade their taxes.

No safe havens in HMRC's offshore evasion strategy

17 April 2014
An update published by HMRC details the rapid progress made in tackling offshore tax evasion.

Following the Chancellor of the Exchequer's announcement last week, HMRC has today published an update to its offshore evasion strategy: No Safe Havens. The updated strategy can be found on the Gov.uk website. This details the rapid progress made in tackling offshore tax evasion, the new actions being taken and how HMRC intends to exploit data sources better, and to influence behaviour. Specific actions include:

- introducing legislation to implement the new Organisation for Economic Co-operation and Development (OECD) standard in automatic exchange of information between governments
- consulting on strengthening the existing civil sanctions, including penalties for offshore tax evasion
- consulting on the detail of a new strict liability criminal offence for failing to declare untaxed offshore assets
- paying rewards to whistleblowers who, in HMRC's view, provide significant information that helps tackle offshore tax evasion.

Further information on offshore disclosure facilities can also be found on HMRC's website.

Rates and Thresholds

NEW RATES FOR REDUNDANCY PAY FROM 1ST FEBRUARY 2013

10 December 2012

The Employment Rights (Increase of Limits) order 2012, was laid before Parliament on the 4th December 2012.

The new rates, due to come in to force on the 1st February 2013, will see an increase to the weekly rate of Statutory Redundancy Pay from £430 to £450. The limit on the amount of compensatory award for unfair dismissal also sees an increase from £72,300 to £74,200. Full and further details of all compensatory award limits contained within the order will come in to force for any settlements falling on or after 1st February 2013.

CLASS 1 NIC THRESHOLDS AND STATUTORY PAYMENT RATES FOR 2013/2014

10 December 2012

Following the Chancellor's Autumn Statement on the 5th December the Class 1 NIC thresholds for 2013/2014 along with the rates to be used for NICs compensation and for statutory payments have been released by the Software Developers Support Team.

Class 1 NIC Thresholds

Whilst 2013/2014 will not see an increase to the Class 1 NIC primary or secondary rates, there are some slight increases to the thresholds (except for the Upper Accruals Point)

Lower earnings limit (LEL)	£109 weekly £218 2-weekly £436 4-weekly £473 monthly £5,668 annual
Secondary Threshold (ST)	£148 weekly £296 2-weekly £592 4-weekly £641 monthly £7,696 annual
Primary Threshold (PT)	£149 weekly £299 2-weekly £597 4-weekly £646 monthly £7,755 annual
Upper accrual point (UAP) *(no change to current thresholds)*	£770 weekly £1,540 2-weekly £3,080 4-weekly £3,337 monthly £40,040 annual
Upper earnings limit (UEL)	£797 weekly £1,595 2-weekly £3,189 4-weekly £3,454 monthly £41,450 annual

Statutory Payment rates 2013/2014

The NICs compensation rate will remain the same for 2013/2014 at 3% however Statutory payment rates will increase slightly as follows:

- Statutory Sick pay will increase from £85.85 to £86.70
- Statutory Adoption Pay, Statutory Maternity Pay, Ordinary Statutory Paternity Pay along with Additional Statutory Paternity Pay will increase from £135.45 to £136.78 per week.

STATUTORY PAYMENT RATES

21st December 2012

HMRC published details of the 2013/2014 Statutory Payment rates within their informal weekly update.

Statutory Adoption Pay	**2012/13**	**2013/14**
Earnings threshold	£107.00	£109.00
Standard Rate	£135.45	£136.78

Statutory Maternity Pay		
Earnings threshold	£107.00	£109.00
Standard rate	£135.45	£136.78
Statutory Paternity Pay		
Earnings threshold	£107.00	£109.00
Ordinary Statutory Paternity Pay (Standard Rate)	£135.45	£136.78
Additional Statutory Paternity Pay (Standard Rate)	£135.45	£136.78
Statutory Sick Pay		
Earnings threshold	£107.00	£109.00
Standard rate	£85.85	£86.70

Women who qualify for Statutory Maternity Pay receive 90% of their average weekly earnings for the first six weeks with no upper limit.
The compensation rate for 2013/14 is 3%.
The percentage threshold for 2013/14 is 13%.
The rates for SAP, SMP, OSPP and ASPP take effect from the first Sunday in April. The rates for SSP take effect from the start of the tax year.

AUTO ENROLMENT PRP THRESHOLDS 2013/2014

23 January 2013

The Department for Work & Pensions (DWP) and the Pensions Regulator have provided a table of the various pay reference period thresholds for Auto enrolment for 2013/14.

After the announcement of the increase to the annual thresholds for Auto enrolment, numerous requests were made by industry representatives for the release of the 2013/14 threshold values broken down to each of the various Pay Reference Periods (PRPs).

These are the proposed thresholds and are still subject to parliamentary approval.

The thresholds will come into force on 6th April 2013.

Automatic enrolment rates 2013/14						
	1 week	2 weeks	4 weeks	1 Month	3 Months	6 Months
Automatic enrolment Earnings trigger **£9,440**	£182	£364	£727	£787	£2,360	£4,720
Qualifying earnings band lower limit **£5,668**	£109	£218	£436	£473	£1,417	£2,834
Qualifying earnings band upper	£797	£1,594	£3,188	£3,454	£10,363	£20,725

limit £41,450 pa						

Advisory Fuel Rates for Company Cars from 1 September 2013

29 August 2013

HMRC have issued details of the latest Advisory Fuel Rates for Company Cars. The rates can apply to all journeys made on or after 1st September 2013 until further notice. (June rates shown in brackets where there has been a change).

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.

Employers are advised to review the latest available data in February, May, August and November each year.

Engine size	Petrol	LPG
1400cc or less	15p	10p
1401cc to 2000cc	18p (17p)	11p (12p)
Over 2000cc	26p (25p)	16p (18p)

Engine size	Diesel
1600cc or less	12p
1601cc to 2000cc	15p (14p)
Over 2000cc	18p

Hybrid cars are treated as petrol cars for this purpose.

Follow this link for details on how the rates are calculated

Statutory payment rates 2014/2015

19 December 2013

Confirmation of the Statutory Payment rates for 2014/15 has been published.

Statutory Adoption Pay	**2014/15**
Earnings threshold	£111.00
Standard Rate	£138.18
Statutory Maternity Pay	
Earnings threshold	£111.00
Standard rate	£138.18
Statutory Paternity Pay	
Earnings threshold	£111.00
Ordinary Statutory Paternity Pay (Standard Rate)	£138.18
Additional Statutory Paternity Pay (Standard Rate)	£138.18
Statutory Sick Pay	

Earnings threshold	£111.00
Standard rate	£87.55

The SSP rate will take effect from 6 April 2014.

The SMP, SAP, OSPP and ASPP rates will take effect for payment weeks beginning on or after the 1st Sunday in April which is also 6 April 2014.

There are no changes to the rules and rates for the recovery of SMP, SAP, OSPP and ASPP for 2014-15.

The Percentage Threshold Scheme for recovery of SSP will be abolished from 6th April 2014.

Tax and tax credit rates and thresholds for 2014-15

19 December 2013

Following the Autumn Statement the rates and thresholds for the 2014/15 tax year have been published.

Full details can be found through the link below which contains the following contents:

- Bands of taxable income and corresponding tax rates
- Income tax allowances
- National Insurance contribution thresholds
- Class 1 National Insurance contribution rates 2014-15
- Self-employed National Insurance contribution rates 2014-15
- Other NICs rates
- Working and Child Credit Tax rates and thresholds
- Child Benefit and Guardian's Allowance
- Tax-free Savings Accounts
- Fuel Benefit Charge
- Van Benefit Charge

Tax and tax credit rates and thresholds for 2014-15

HMRC's Software Developers Support Team has also provided a breakdown of NI thresholds and the Class 1 contribution rates for not contracted-out schemes and for contracted-out salary related schemes.

National Insurance Thresholds

2014/15 NI thresholds					
	LEL	**ST**	**PT**	**UAP**	**UEL**
Weekly	£111	£153	£153	£770	£805
2 weekly	£222	£306	£306	£1,540	£1,611
4 weekly	£444	£612	£612	£3,080	£3,221
Monthly	£481	£663	£663	£3,337	£3,489

Annual	£5,772	£7,956	£7,956	£40,040	£41,865

2013/14 NI thresholds					
	LEL	**ST**	**PT**	**UAP**	**UEL**
Weekly	£109	£148	£149	£770	£797
2 weekly	£218	£296	£299	£1,540	£1,595
4 weekly	£436	£592	£597	£3,080	£3,189
Monthly	£473	£641	£646	£3,337	£3,454
Annual	£5,668	£7,696	£7,755	£40,040	£41,450

Class 1 contribution rates for not contracted-out schemes and for contracted-out salary related schemes can be downloaded through this CIPP news link.

National Insurance guidance for software developers, effective for the tax year 2014-15

The 2014-15 version of this technical specification will be available before the end of December on the HMRC website at Payroll - technical specifications.

As a result of the announcement the 2014-15 Primary (employee) Threshold (PT) and Secondary (employer) Threshold (ST) are the same value. It is possible that indexation may result in these thresholds having different values in future years. In view of this and in order to avoid making unnecessary changes the formulae in the technical specification has not been changed. As a result the earnings between the ST and PT will be zero as will the NICs rebate for that portion of the earnings.

Changes in tax coding

There will be a general uplift of tax codes with suffix 'L'. Full instructions will be issued to employers on form P9X(2014) 'Tax codes to use from 6 April 2014' a copy of which will be available on the HM Revenue & Customs (HMRC) website in February 2014.

As a general rule, unless an amended code notification has been received on a form P9 (T) (or an internet or Electronic Data Interchange equivalent) employers should amend 2013-14 codes as follows:
• 'L' suffix codes – increase by 56; code 944L becomes 1000L
• The PAYE threshold with effect from 6 April 2014 is raised to £192 per week (£833 per month)
• The code for emergency use with effect from 6 April 2014 is 1000L

Changes to Tax Tables from 6 April 2014

The new Taxable Pay Tables will be available at this link during February/March 2014. The Tax Tables are available in easy to print format so if you need a paper copy you can help HMRC to keep costs down by printing one off.

These tables (Calculator Tables April 2014 or Tables B to D April 2014) give effect to the revised Income Tax rates and bandwidths, and are brought into use from the first pay-day on or after 6 April 2014.

Delay in change to statutory redundancy pay and compensation for unfair dismissal

21 January 2014

We normally see the Statutory Redundancy Pay rate and the limit on the amount of compensatory award for unfair dismissal increase on 1 February every year, however this year the changes will be implemented on 6 April.

The change has been detailed in Section 22 of the Enterprise and Regulatory Reform Act 2013.

The Employment Rights (Increase of Limits) order has not yet been approved by parliament so the 2014 rates are not known at this stage. We will of course publish the new rates as soon as they become available.

Current rates which came into force 1 February 2013 are:

- Weekly rate of Statutory Redundancy Pay - £450.
- Limit on the amount of compensatory award for unfair dismissal - £74,200.

Student loan repayment threshold for tax year 2014/15

23 January 2014

HMRC has confirmed to the CIPP that from 6 April 2014 the student loan threshold will rise from £16,365 to £16,910.

2014/15 thresholds for student loan borrowers in the current Income Contingent Repayment (ICR) scheme:

- Annual - £16,910
- Monthly - £1,409
- Weekly - £325

The rate of deduction remains the same at 9%.

Draft legislation National Insurance Contributions Rates, Limits and Thresholds 2014/15

29 January 2014

Draft Regulations have been published confirming the NICs rates, thresholds and limits for the 2014/15 tax year.

We published details from HMRC's Software Developers Support Team on 18 December and the figures are confirmed as set out below.

2014/15 National Insurance thresholds					
	LEL	**ST**	**PT**	**UAP**	**UEL**
Weekly	£111	£153	£153	£770	£805

2 weekly	£222	£306	£306	£1,540	£1,611
4 weekly	£444	£612	£612	£3,080	£3,221
Monthly	£481	£663	£663	£3,337	£3,489
Annual	£5,772	£7,956	£7,956	£40,040	£41,865

The regulations amending the National Insurance contributions rates, thresholds and limits for the 2014-15 tax year come into force on 6 April 2014, subject to approval by Parliament. The draft regulations and explanatory notes can be accessed through the links below.

- Social Security (Contributions) (Limits and Thresholds) (Amendment) Regulations 2014
    - Explanatory Memorandum
- Social Security (Contributions) (Re-rating and National Insurance Funds Payments) Order 2014
    - Explanatory Memorandum

Statutory redundancy pay and compensatory award for unfair dismissal

27 February 2014

Following our news in January that the rate changes will apply from 6 April this year and not 1 February, The Employment Rights (Increase of Limits) Order 2014 has been published confirming the changes.

From 6 April 2014 the maximum compensatory award for unfair dismissal will increase to £76,574 from £74,200 and a week's pay will increase from £450 to £464.

Scotland

SCOTLAND – TAX CONSULTATION FORUM CONSIDERS MANAGEMENT OPTIONS

14 June 2013

John Swinney, The Cabinet Secretary for Finance, Employment and Sustainable Growth, today chaired the second meeting of the Tax Consultation Forum (TCF) at St Andrews House.

The Forum looked at the outcomes of the Tax Management consultation which will inform the Tax Management Bill (TMB) due to be introduced later this year. The Tax Management Bill will establish Revenue Scotland and put in place a framework for the administration of devolved taxes in Scotland. The Forum considered the principles of a fair and effective Scottish tax system while focusing on three topics:

1. The outcomes of the Tax Management consultation

2. 'Tackling Tax Avoidance'

3. 'Hardship and Discretion'

The TCF was established in February 2013 to provide a forum for civic Scotland to discuss and advise Ministers of the strategic and social implications of administering tax in Scotland

for Scotland. At its first meeting, the Forum heard presentations on the three consultations on the devolved taxes that the Scottish Government had initiated : Land and Buildings Tax, Landfill Tax and Tax Management.

Mr Swinney said:

"Revenue Scotland will be established as an independent, effective, efficient and responsive tax authority that will oversee the administration of taxes in a way that responds to Scotland's priorities and needs in a transparent and open way.

"The Scottish Government will build a firm foundation for taxation in Scotland and that is why it is very important that we design our approach in a consultative manner.

"Our aim is to build a tax authority and tax system that meets the needs of our businesses and citizens, and can adapt to a future where we expect Scotland to collect a much wider range of revenues and the input of Forum members will help us to understand how best to achieve this.

"This Government will take a distinctly Scottish approach to taxation, and we will take a firm approach to tax avoidance under our taxation responsibilities."

The press release can be read in full at The Scottish Government website.

HMRC AND SCOTTISH GOVERNMENT AGREE MEMORANDUM OF UNDERSTANDING FOR SCOTTISH RATE OF INCOME TAX

17 June 2013

The final text of the Memorandum of Understanding between HM Revenue & Customs (HMRC) and the Scottish Government sets out the arrangements for the two Governments to work together on the implementation of the Scottish income tax rate.

The Scotland Act 2012 gives the Scottish Parliament the power to set a Scottish rate of income tax to be charged on Scottish taxpayers. The Scottish rate will commence from a date to be set by the UK Government; this is expected to be April 2016. It will be administered by HMRC as part of the UK-wide income tax system and applied to non-savings income. The Scottish Parliament will be able to set a rate of SRIT from zero to any number of pence or half-pence in the pound. This rate will be added to each of the main UK rate bands after ten pence in the pound has been deducted from each rate.

The Memorandum has been agreed by the Scottish and UK Governments. It sets out HMRC's and Scottish Government's respective responsibilities in relation to establishing and operating the Scottish rate efficiently and effectively.

For more information see the frequently asked questions about the Scottish rate of Income Tax.

The future of automatic enrolment in Scotland if independence is voted in

30 September 2013

A report by the Scottish government states that the criteria for automatic enrolment would stay the same but that independence would provide an opportunity to design a new scheme in Scotland.

The 135 page paper Pensions in an independent Scotland sets out proposals from the Scottish government on how pensions policy would be taken forward in an independent Scotland.

It states that on independence, the current arrangements for automatic enrolment in Scotland would continue - its staged roll-out and the criteria for automatic enrolment and contribution levels would be the same.

However it also states that a future Scottish government would be able to vary arrangements for automatic enrolment in order to ensure effective implementation of the policy. The report goes on to say that in considering any changes to the current arrangements, it would be important to achieve a balance to ensure that the level of employee contribution is not onerous and that the impact on employers, particularly small and medium-sized enterprises, is proportionate and affordable.

The use of NEST (National Employment Savings Trust) is discussed in the report saying that the Scottish government would work with the UK government on transitional arrangements to ensure that individuals and employers in Scotland continue to have access to NEST and that individuals' rights and entitlements which have accrued in NEST would continue to be accessible. However, the report also proposes that a Scottish equivalent of NEST – the Scottish Employment Savings Trust (SEST) - should be established to assist smaller employers in particular to meet their obligations under automatic enrolment. It would be for a future Scottish government to work with the pensions industry in Scotland and all other stakeholders on the design of SEST to ensure that it was fit for purpose.

CIPP comment
The Scottish Independence Referendum takes place in less than a year on 18 September 2014. The policy team will be keeping a close eye on proposed changes under a possible independent Scotland as pensions and automatic enrolment will not be the only area to affect payroll professionals and employers.

Members may already be aware that regardless of whether full independence is voted in in Scotland or not, the introduction of a Scottish Income tax is still set to take place in 2016. The CIPP policy team continue to be part of both the High Level and Technical consultation groups and will continue discussions on the detail of how Scottish income tax will work for all employers in the UK. We will of course keep members updated with relevant news.

The SNP publishes its White Paper on Scottish independence

27 November 2013

The SNP has published its White Paper setting out its blueprint for Scotland if the nation votes for independence in the referendum in September 2014.

If the Scots vote for independence in the referendum next September it won't just impact employers in Scotland. Any employer with employees who live in Scotland will also be affected by the proposals set out in this White Paper.

The document is very comprehensive running to 670 pages; however some of the key issues for payroll are as follows:

- Offering up to thirty hours of childcare per week in term time for all three and four-year-olds, as well as vulnerable two-year-olds;
- A halt to the rollout of Universal Credit and Personal Independence Payments in Scotland allowing future Scottish governments to develop their own welfare reforms;

- Basic rate tax allowances and tax credits to rise at least in line with inflation, ending the married couple's tax allowance and abolishing the Shares for Rights scheme;
- Simplification of the tax system to reduce compliance costs, streamline reliefs and help to reduce tax avoidance, with a target revenue gain of £250 million a year by the end of the first term;
- A Fair Work Commission and a guarantee that the minimum wage will rise at least in line with inflation;
- Examination of further help for small businesses, for example with national insurance costs to encourage them to create more jobs.

You can read the whole White Paper on the Scottish Government website

Statutory Deductions

Student Loans

STUDENT LOAN 2013 THRESHOLD

30 July 2012

The Department for Business, Innovation and Skills has confirmed that from 6 April 2013 the student loan threshold will rise by 3.6% to £16,365

HMRC Software Developers Support Team announced the following:

Notification of a threshold change for student loan borrowers in the current Income Contingent Repayment (ICR) scheme

Amending regulations (SI 2011/784) are in force which state that the annual repayment threshold will rise annually from 6 April 2012 by the Retail Prices Index (RPI).

The current threshold for 2012-13 is £15,795 and the Department for Business, Innovation and Skills have confirmed that from 6 April 2013 the threshold will rise by 3.6% to £16,365.

This figure will apply to all current borrowers for whom employers make Student Loan deductions.

Software developers are being notified as early as possible in order that software changes can be made ready for implementation on 6 April 2013.

Further information and guidance will follow in the coming months.

STUDENT LOAN BORROWERS: REPAYING YOUR LOAN THROUGH SA

5 June 2013

A guidance leaflet which provides information about the Income Contingent Repayment (ICR) Student Loan and the Pilot scheme that is to run during 2013 is available at the HMRC website.

CSL1 provides details about the Pilot which confirms that as from April 2013 a third box is to be added to the SA100 return. This third box is designed, along with other existing measures, to help borrowers avoid over-replaying their Student Loan as their loan repayments near completion.

By putting an X in the box a verification process will take place between HMRC and the Student Loan Company (SLC) which will have three possible outcomes, full details are available within the CSL1.

This third box is not to be included on the SA200 short return. Borrowers who wish to use this procedure will need to contact HMRC to request an SA100 tax return

Collection of Student Loans forum – Your views wanted

5 September 2013

Yesterday the CIPP policy team attended the Collection of Student Loans consultation forum. As well as a range of stakeholders, this meeting is attending by representatives from HMRC, the Student Loans Company and the Department for Business, Innovation and Skills (BIS). This meeting is always informative, but there were several requests for your suggestions, ideas and comments made at yesterday's meeting.

1. As many of you will be aware, from April 2016 there will be two different repayment plans for students to repay their student loans, depending on where and when the student first began their studies. This means there will be two different thresholds in place, depending on which type of repayment plan applies to that particular debt. From that time, if an employee tells you they are repaying a student loan; HMRC will tell you which threshold applies to that individual. But it is entirely possible that the employee will have two student loans to repay, one under Plan 1 and one under Plan 2. Again, HMRC will tell you what you need to do. However, it may be that during a financial year, the employee completes the repayments for Plan 1, but repayments for Plan 2 would need to continue. Under the current arrangements you would receive a Stop Notice for Plan 1 and then a Start Notice for Plan 2. BIS are suggesting that this system is revised and you would receive instead an amended notice which merges both the Start and Stop Notice into one document. BIS are keen to hear your views on whether you think this is a good idea or not and the reasons why.

2. HMRC are interested in your views on whether notices should be issued electronically by default. At the moment you have a choice whether to receive student loan notifications electronically or on paper. As less and less communications are issued on paper HMRC would like to hear your views on whether all notices should be issued electronically, including any issues this would raise for you and any system enhancements you think would make this possible.

   To enable you to submit your views easily we have created a very short survey containing just these two questions. We would be very grateful, as would HMRC and BIS, if you could spare five minutes to complete this survey which closes on 17 September.

3. And finally, HMRC are now considering ways in which the collection of student loan process could be further improved during 2015-16. They are very keen to speak to employers and payroll bureaux face to face to find out exactly how the system impacts you. To this end, they would like to set up a round table meeting in the first week in October and are looking for volunteers from different sized companies and payroll bureaux in all sectors to discuss the issues, and possible solutions affecting collection of student loans. The location of the meeting is not yet known as it is dependent on the location of the volunteers. If you would like to attend this meeting please email policy@cipp.org.uk titling your email "student loan meeting".

   The policy team would like to thank you, in advance, for your help.

Collection of Student Loans forum – results of 'your views'

20 September 2013

Earlier in the month we asked members to complete a short survey regarding some discussions that took place at the last student loan forum.

We received 16 responses to the survey and would like to thank those members who took the time to give feedback.

You can download the document below which details the two questions we asked and the corresponding answers with comments in full. The response has been forwarded to the appropriate departments within HMRC for further discussion.

CIPP student loan research - September 2013

National Audit Office report on Student Loan Repayments

11 December 2013

The National Audit Office has published a report highlighting the lack of a robust strategy for maximizing the collection performance of student loans.

Until the Department for Business, Innovation and Skills (BIS) has a robust strategy for maximizing the collection performance of student loans and improves its information on borrowers, it will not be well-placed to secure value for money, according to a report from the National Audit Office.

BIS forecasts that the total value of outstanding student loans will increase from £46 billion in 2013 to approximately £200 billion by 2042, in 2013 prices. The number of borrowers due to repay is projected to increase from 3 million in 2012-13 to 6.5 million by 2042. The loan book is therefore becoming a substantial public asset.

BIS and its collection partners HM Revenue & Customs and the Student Loans Company (SLC) work together in a joined-up way. In 2012-13, they collected £1.4 billion in student loan repayments, at a cost of £27m. While using the existing tax system brings clear benefits for efficient collection from borrowers who work and pay tax in the UK, BIS nevertheless needs to make better use of data to support its collection strategy and improve its understanding of where it could invest to maximise the collection value of the loan book.

In designing how student loans would work, BIS anticipated that a proportion of the loans would not be repaid. However, the NAO reports that BIS has not set an annual target for the amount to be collected because repayments are affected by graduate earnings and economic factors outside its direct control. It does not separately publish its forecasts for the amounts it expects to be collected and has had difficulty developing an accurate forecasting model. Annual repayment forecasts are consistently higher than amounts collected and BIS cannot explain why forecast repayments are currently around 8 per cent higher in value than actual repayments.

Furthermore, it has not done enough to establish whether borrowers with no current employment record are earning enough to repay their loans. While many of these borrowers may not be in employment, BIS and the SLC have carried out little analysis to establish how many may be working overseas or the level of repayments that may be missed. The NAO concludes that BIS and the SLC need to improve their information on borrowers to make more informed judgments about where to invest to maximize recovery.

CIPP comment
The CIPP sits on the Collection of Student Loans Consultation Forum and

understands that BIS and the SLC are already working to address the issues identified by the NAO report. We welcome the opportunity to work with them to understand any issues arising as they move forward.

Utilising RTI information in the collection of Student Loans?

10 January 2014

At last month's Collection of Student Loans consultation forum, the group were asked to consider ways in which RTI data could be used in the future to assist with the collection of student loan deductions.

Although it must be stated from the outset that this is simply a gathering together of suggestions, there is no guarantee that any ideas will be possible, nevertheless it is a good opportunity for us to suggest ways in which the data could be used in the future.

Ideas suggested already include:

- Sending information about deductions to SLC monthly rather than annually as at present; and
- Sending a prompt to the employer when the SL amount deducted is not in line with the income reported on the FPS.

If you have any ideas or suggestions in which the RTI data could be used to aid the collection of student loans please email policy and we will take your ideas forward to the next meeting in February.

Student loan repayment threshold for tax year 2014/15

23 January 2014

HMRC has confirmed to the CIPP that from 6 April 2014 the student loan threshold will rise from £16,365 to £16,910.

2014/15 thresholds for student loan borrowers in the current Income Contingent Repayment (ICR) scheme:

- Annual - £16,910
- Monthly - £1,409
- Weekly - £325

The rate of deduction remains the same at 9%.

Tax Guide for Students - new website

11 February 2014

If you work in the education sector you may find it useful to share a new website which offers guidance to help further and higher education students navigate through the complexities of tax.

As part of an HMRC funded project and sponsored by the Chartered Institute of Taxation, the Low Incomes Tax Reform Group (LITRG) has launched a new website 'Tax Guide for

Students' (TGFS) which offers guidance to help further and higher education students navigate through the complexities of tax.

The website covers areas such as:

- Tax essentials
- Working
- Volunteering & training
- Tax credits & benefits
- Tax refunds
- Types of student
- Going abroad
- Other income
- Student loans

The website also includes a section on taking a job in tax with stories and testimonials from people who are currently employed or have had a very successful career in the world of tax. It is easy to access via laptops, mobile phones and tablets and it is a handy place to pick up valuable resources and extra assistance on specific topics that students may come across.

There is a separate section for student advisers and for those engaged in helping and supporting students.

Factsheets are available for download; and included are podcasts and templates to help with tax questions and queries to HMRC.

LITRG would welcome feedback on the TGFS website and have produced a short survey with the chance to win high street vouchers to the value of £50.

Student Loan notices for the new tax year

4 March 2014

Each year in February/March, HMRC issues large numbers of Student Loan notices for the new tax year.

An issue was recently raised by one of our members which payroll bureau and agents may wish to highlight to their clients as a reminder.

The PDV viewing feature normally only shows notices for the current tax year, so employers have to select the next 'Tax Year' from the drop down box and enter the appropriate dates if they want to see these notices before the next year starts on 6 April.

Student Loans – changes to incorporate into payroll software

16 April 2014

From 2016 student loan repayments will be calculated against two thresholds.

HMRC's Software Developers Support Team (SDST) have provided an update on the changes that will need to be incorporated into your payroll software.

Currently in student loans we have an annually increasing threshold limit that software developers need to know about to update their payroll software. The detail comes from the

Department for Business, Innovation and Skills (BIS) who are responsible for student loan policy and legislation.

From April 2016 repayments will be calculated against two thresholds depending on the year and where in the UK the loan was taken out. This note is to make you aware these changes will need to be incorporated into your payroll software. Software developers are being notified as early as possible in order that software changes can be made in time for 6 April 2016.

In addition to the existing threshold, currently (£16,910) a new threshold (£21,000) will be introduced to the student loans repayment process to handle the collection of the new Higher Education loans (England and Wales only) and accommodate 24+ Advanced Learning loans (England only).

Loans taken out with the £16,910 threshold will be referred to as 'Plan 1' and those with the new £21,000 threshold will be referred to as 'Plan 2'.

Student loan deductions will only be made on one plan type at any time and can change between plan types in-year.

Employers will need the capability to make sure they know which threshold should be applied from 6 April 2016 to make the student loan deductions for either Plan 1 or Plan 2 loans and to return the repayment information into HMRC as they do currently through their payroll submissions.

During the tax year 2015-2016 HMRC will send out three types of start notifications:

1. Existing start notifications for starts from 6 April 2015
2. New start notifications issued for starts from 6 April 2016 stating the borrower repayments should be based on Plan 1
3. New start notifications issued for starts from 6 April 2016 stating the borrower repayments should be based on Plan 2

Notifications stated in 2 and 3 will be issued in sufficient time to allow employers to start deductions from 6 April 2016.

Further information, guidance and updated specifications for the SL1 message will be issued nearer the time.

Statutory Payments

CHANGES TO THE LINKING RULES FOR SSP

30 May 2012

The 104 week linking rule has recently been removed. There is now only a 12 week linking period during which someone will return to Employment Support Allowance (ESA) on the basis of their original claim if they become sick again after returning to work.

For Statutory Payments this means that there is no longer a 104 week period during which entitlement to SSP is disallowed due to ongoing ESA entitlement. Once the 12 week linking period has passed, eligibility for SSP will apply in the normal way.

HMRC's guidance in the E14 helpbook has been updated and the form SSP1 used by employers to refuse SSP has already been amended to show 12 weeks

UNIVERSAL CREDITS AND SSP LINKING

1 February 2013

The CIPP's policy team raised a concern with the DWP in respect of the current linking provision for benefits and Statutory Sick Pay and whether this would still apply under Universal Credits. The question we raised was:

An employee who commences new employment and becomes sick within the first 12 weeks, the current legislation allows the employer to make the employee exempt from SSP and refer them back to DWP for benefits instead. As this legislation refers now to Employment Support Allowance, which will become obsolete and be incorporated into Universal Credits in the future does that mean this linking legislation will also become obsolete?

The answer received from the DWP is:

The 12 week linking rule for contributory ESA will continue to apply after UC has been introduced. However, there will be no equivalent linking rule for UC. This means employers will need to continue to ask if an employee has been entitled to ESA in order to determine SSP entitlement, but there will be nothing to prevent the payment of SSP where an employee has previously been entitled to UC only."

This will mean that when Employment Support Allowance becomes obsolete as a single payment the linking will no longer apply. The DWP will advise their colleagues in HMRC to ensure the appropriate guidance is updated.

Link to exemptions for SSP - https://www.gov.uk/sick-leave-pay-employees/eligibility-and-form-ssp1

DWP publish proposed benefit and pension rates 2014 to 2015

9 December 2013

The Department for Work & Pensions has published the proposed benefit and pension rates for 2014 - 2015.

The Proposed benefit and pension rates 2014 to 2015 list confirms the following rates for the 2014-15 tax year:

Statutory Adoption, Maternity, Paternity and Additional Paternity Pay will, as expected, see an increase in the weekly rate from £136.78 to £138.18

Statutory Sick Pay will increase from £86.70 to £87.55.

All increases will come in to affect from 6 April 2014.

Statutory payment rates 2014/2015

19 December 2012

Confirmation of the Statutory Payment rates for 2014/15 has been published.

Statutory Adoption Pay	**2014/15**
Earnings threshold	£111.00
Standard Rate	£138.18

Statutory Maternity Pay	
Earnings threshold	£111.00
Standard rate	£138.18
Statutory Paternity Pay	
Earnings threshold	£111.00
Ordinary Statutory Paternity Pay (Standard Rate)	£138.18
Additional Statutory Paternity Pay (Standard Rate)	£138.18
Statutory Sick Pay	
Earnings threshold	£111.00
Standard rate	£87.55

The SSP rate will take effect from 6 April 2014.

The SMP, SAP, OSPP and ASPP rates will take effect for payment weeks beginning on or after the 1st Sunday in April which is also 6 April 2014.

There are no changes to the rules and rates for the recovery of SMP, SAP, OSPP and ASPP for 2014-15.

The Percentage Threshold Scheme for recovery of SSP will be abolished from 6th April 2014.

PERCENTAGE THRESHOLD SCHEME TO BE ABOLISHED

21 January 2013

The government response to the independent review of sickness absence Fitness for work has been presented to Parliament by the Secretary of State.

The review Health at Work – an independent review of sickness absence, began in 2011 and presented a detailed analysis of:

- the impact of sickness absence on employers, the State and individuals; and
- the factors which contribute to and prolong sickness absence and which, in too many cases, mean employees move out of work and on to benefits.

The review also made a total of 13 recommendations which the government have responded to. Full details can be found within the report however the following sprang out as being notable for those of us within the Payroll Industry.

The need for a revision to be made to the guidance of the fit note to ensure that judgments made about an individual's fitness to work move away from only job-specific assessments, in reply, it is the government's intention to publish revised guidance for GPs, employers and individuals, during the first quarter of 2013.

Another recommendation is the abolition of the Percentage Threshold Scheme (PTS) which has been highlighted as "compensating mainly smaller employers for very high rates of sickness absence". The government have agreed and in return will instead be using the funds saved on the provision of a new health and work assessment and advisory service. It is proposed that the service would begin in 2014.

The recommendation that expenditure by employers, which is targeted at keeping sick employees at work, for example, medical treatments or vocational rehabilitation costs should attract tax relief. The government will decide upon this as part of the 2013 Budget.

See DWP press release

DWP PUBLISH UPDATED FIT NOTE GUIDANCE

7 March 2013

The Department for Work & Pensions has published updated guidance for all stakeholders in a bid to provide greater support for sick workers in returning to work more easily.

Fit note guidance is available for GPs, hospital doctors, employees, employers & line managers and occupational health practitioners.

The improved guidance is based upon research and feedback from patients, GPs and employers and is designed to maximise the full potential of the fit note by looking at what a person can do whilst sick instead of what they can't do.

Dr Bill Gunnyeon, Chief Medical Adviser for the Department for Work and Pensions, said:

"The fit note can be valuable in helping people return to work quickly and avoid long-term absence and potential job loss – this revised guidance helps doctors, employers and patients use it to its full potential."

The guidance aims to clarify that the fit note is about someone's general fitness for work and is not tied to their most recent job, allowing flexibility to discuss what changes could help someone do some work.

It includes clarification about the legal status of the fit note in relation to sick pay, situations where an employer cannot make any changes, and non-medical problems at work along with details about the computer generated fit note.

The original guidance explained how the fit note differed from the sick note when it was launched three years ago. The fit note considers what work someone might be able to do when their condition is taken into account, rather than what they can't do under the previous sick note system.

All revised guidance is available from the DWP website.

NEW STUDIES SHOW SICK LEAVE COSTS UK EMPLOYERS BILLIONS EVERY YEAR

19 July 2013

Two separate reports show the extent that absence from work is costing UK businesses.

Absence from work in the UK has dropped to a new record low, according to the latest CBI/Pfizer Absence and Workplace Health Survey, but highlights figures from the ONS that state overall absences still cost the economy £14bn a year.

The thirty-year survey found the average absence rate was 5.3 days in 2012, down from 6.5 days in 2010 - saving business £3 billion.

However, it said that almost £1.8bn was lost from an estimated one-in-eight sick days taken for non-genuine reasons, with one in five employers believing employees take 'sickies' as an occasional perk.

Another study released by accountancy firm PwC, indicates that sick days are costing UK employers approximately £29bn a year, with British workers taking up to four times as many days off as their global counterparts.

The PwC research of 2,500 UK businesses found that UK workers have an average of 9.1 days off from their jobs each year due to sickness. This is double the amount of sickness absence as US staff (4.9 days) and quadruple that of workers in the Asia Pacific region (2.2 days). The average for Western Europe was 7.3 days.

PwC's research showed that in UK companies, illness and its associated costs accounted for around 90 per cent (£28.8 billion) of the total absence bill (£31.1 billion). Other unexpected absences such as compassionate leave and industrial action made up the remainder. These figures compared to a sickness absence cost of £27.8 billion in 2011, out of an overall absenteeism bill of £32.1 billion.

Abolition of the PTS and requirement to keep SSP records from April 2014

20 December 2013

We have reported several times over the last few months that the Percentage Threshold Scheme (PTS) will be abolished from April 2014, as will the requirement to keep Statutory Sick Pay (SSP) records.

As the SSP fields will be removed from the FPS from 6 April 2014, and SSP is very often recovered in arrears, this has prompted many members to ask how this will be done.

Currently employers who are claiming under PTS have to advise HMRC of the amount of SSP they have paid to their employees. If SSP is paid but there is no entitlement under PTS then no data is reported to HMRC. As PTS is being abolished there will be no instances when HMRC will require SSP data to be reported. This means the data items that are currently shown on the FPS and EPS for SSP and SSP recovery are being removed from 6th April 2014. This change was necessary to ensure that employers did not claim PTS when there is no longer an entitlement. However employers will still be able to make late claims under the PTS for periods of sickness up to 5th April 2014 for a period of two years. They will be able to do this via the clerical process for non-RTI years or EYU and EPS for RTI years.

Considering the situation where employers are not actually paying SSP until after 6th April, for a period of sickness up to 5th April, there will no longer be the data items to report SSP and SSP recovery. A number of possible workarounds have been considered to allow employers to notify HMRC of the payment and recovery but for various reasons have been disregarded. These are mainly to do with HMRC's banking systems and could cause incorrect under or over payments being recorded against an employer's liability.

One suggestion is that for the paydays when SSP is being paid after 5th April 2014, due to the employee's pay pattern or late notification of sickness, employers record any SSP recovery under SMP recovery. This is only one suggestion, however HMRC would like to know if this option is likely to cause any problems with payroll/software. Employers would not need to send HMRC details of any of the actual SSP paid just the amount of PTS claimed in the SMP recovery year to date on the EPS.

*If you have a view on this please can you email policy titling your email '**PTS recovery**'.*

We have also queried the removal of the need to keep SSP records, as we all know employers will still need to keep records for SSP. HMRC say that it is the intention of DWP to remove regulation 13 - records to be maintained by employers from the SSP (General)

regulations 1982 from 6 April 2014. These SSP regulations place a legal obligation on employers to maintain specific records relating to payment of SSP and length of absence for each individual employee. Removing this statutory requirement will lift an administrative burden from employers. The proposed abolition will allow employers to keep records in the manner they feel is appropriate and to meet their own business needs.

Employers will still have the obligation to produce SSP records to show they are meeting their legal SSP obligations, should HMRC require them (Reg 97 Income Tax (Pay As You Earn) Regulations 2003 SI 2003/2682 (Amended by Reg 6 Income Tax (Pay As You Earn)(Amendment) Regulations 2009) SI 2009/588) but they will have the freedom to keep records in a more flexible manner which best suits their organisation.

In short, employers will still have to pay SSP but they will not report this separately to HMRC. Also they will need to keep records for PAYE purposes to show that SSP has been paid. So for payroll/software SSP has to be included as part of the overall calculation of earnings and tax and NICs liability but the specific amount of an employee's pay that is made up of SSP does not have to be reported to HMRC separately. It is the overall records of the calculation of earnings that HMRC would require as part of a compliance check.

Recovering SSP through the Percentage Threshold scheme

10 January 2014

Last month we reported on the abolition of the Percentage Threshold scheme from April 2014 and how, given that PTS is often claimed in arrears, it can be claimed back once the SSP field is removed from the EPS.

Currently employers who are claiming under PTS have to advise HMRC of the amount of SSP they have paid to their employees. If SSP is paid but there is no entitlement under PTS then no data is reported to HMRC. As PTS is being abolished there will be no instances when HMRC will require SSP data to be reported. This means the data items that are currently shown on the FPS and EPS for SSP and SSP recovery are being removed from 6th April 2014. However employers will still be able to make late claims under the PTS for periods of sickness up to 5th April 2014 for a period of two years. They will be able to do this via the clerical process for non-RTI years or EYU and EPS for RTI years.

Last month HMRC asked for your views on the suggestion that SSP recovered should be included in the SMP recovered field. As was only to be expected, members were unanimous in their response that this suggestion was not workable and provided several reasons why this was the case.

HMRC have listened to, and acted on, the feedback that you gave and have confirmed that the suggestion of using the SMP recovery field will not be taken forward.

Whilst it is pleasing that HMRC are listening to feedback, this leaves the worrying situation of there being less than three months to go before the SSP field is removed, but no workable solution yet as to how SSP paid in 2013-14 can be recovered from 6 April 2014 onwards.

We are working hard with HMRC to provide a workable solution, however we would welcome suggestions from members who may have had the thought "why don't they just…?" If you have any suggestions as to how this problem can be overcome please email policy.

Recovering arrears of Statutory Sick Pay from 6 April 2014-15

30 January 2014

Following on from previous news items on the subject, the CIPP along with other stakeholders have been given confirmation of guidance as to how employers should look to

recover any SSP amounts that fall due under the Percentage Threshold Scheme as from April 2014.

You will know, if you have followed this subject, we have called for your views on some suggestions for how to deal with the recovery of arrears for Statutory Sick Pay as from 6 April 2014 given the SSP field is to be removed from the EPS.

Many of you suggested use of the SP32 and HMRC have now confirmed to us that where a payment for SSP is being made from 6 April 2014 for a period of incapacity that fell before 5 April 2014 but has been notified late you will need to make an application for recovery using the form SP32 Late claim for recovery of statutory payments or National Insurance contributions (NICs) compensation.

On the other hand if you have already paid Statutory Sick Pay but simply not yet recovered it for a closed tax year you will need to follow the normal process for making adjustments to a closed year.

Late claims using the SP32 for up to 6 years can currently be made up to 5 April 2016, beyond which time no further claims under the Percentage Threshold Scheme can be made.

Previous reports on the subject of the Percentage Threshold Scheme can be found in the Policy News Journals, both current and 2012-13 editions. Along with CIPP news reports from 10 January 2014 and 20 December 2013.

Percentage Threshold Scheme

7 February 2014

Further to previous news items regarding the Percentage Threshold Scheme and Statutory Sick Pay recovery, we were asked by a member how this would be paid if using the SP32.

HMRC has confirmed that PTS recovered through the SP32 process will repaid by way of Payable Order. It will not be set-off against the current tax year.

Statutory payment tables now available

13 March 2014

The CIPP is pleased to announce the refreshed linking tables for statutory payments are now available.

These are free of charge to anyone who wishes to access them.

The CIPP was disappointed that Gov.UK was not including this important information as part of the digital implementation from HMRC. As the Chartered body for the payroll profession, the CIPP is pleased to see others also offering this service to ensure the profession has access to the resources it requires.

Abolition of the Statutory Sick Pay Percentage Threshold Scheme

9 April 2014

The regulations for the abolition of the Statutory Sick Pay (SSP) Percentage Threshold Scheme have been approved in the House of Commons.

The Percentage Threshold Scheme which allowed employers to reclaim any amount of SSP which exceeded 13% of their NICs bill for the month, ended at the close of the 2013/14 tax year.

Employers can make outstanding claims for reimbursement of SSP paid for sickness periods up to 5 April 14 until close of the 2015/16 tax year. Details can be found in the SSP employer guide.

Funding from PTS will be reinvested into providing the new Health and Work Service, which the Department for Work & Pensions and HM Treasury are introducing in late 2014. This will provide occupational health advice and support for employees, employers and GPs to help people with a health condition to stay in or return to work.
There are 2 elements to the service:

- assessment – once the employee has reached, or is expected to reach, 4 weeks of sickness absence they will normally be referred by their GP for an assessment by an occupational health professional, who will look at all the issues preventing the employee from returning to work
- advice – employers, employees and GPs will be able to access advice through a phone line and website

Following an assessment, employees will receive a return to work plan with recommendations to help them to return to work more quickly and information on how to get appropriate help and advice.

The government will introduce a tax exemption of up to £500 a year for each employee on medical treatments recommended by the Health and Work Service or an employer-arranged occupational health service.

Tax Agents and Advisers

HMRC AGENT UPDATE – ISSUE 34

27 February

HMRC has published the latest issue of the Agent Update which looks to pull together news, information and updates from HMRC.

This edition's lead subjects include:

HMRC service - Changes to HMRC service, upcoming HMRC events and guidance.

Consultations - Details of live consultations and response summaries.

Working Together - Latest updates from the partnership between HMRC and the six main agent representative bodies.

Improving the operation of PAYE:

Real Time Information - final reminder

HMRC reminds over 1.4 million employers they must start reporting PAYE in real time from 6 April 2013.

HMRC has produced a short ‘At a glance guide’ which gives a quick overview of the changes to operating PAYE that reporting in real time will bring. This guide, in conjunction with our ‘business readiness checklist’ will help you and your clients get ready to start sending PAYE information to HMRC in real time.

Real Time Information ‘At a glance guide’

Business readiness checklist

DISHONEST TAX AGENTS

28 March 2013

As from April 2013 new legislation will allow HM Revenue & Customs to address dishonest conduct by tax agents and issue civil penalties.

From 1 April 2013, new legislation will allow HMRC to:

- investigate dishonest conduct by tax agents
- charge civil penalties
- publish the details of tax agents who have acted dishonestly

HMRC has worked closely with the professional bodies to develop this legislation which contains many safeguards and checks. These include tribunal approval for a file access notice, the right of appeal against some of HMRC's decisions, and that key decisions must be authorised at a senior level.

Introducing this legislation will help HMRC protect the majority of honest, professional tax agents.

Full guidance about how HMRC aim to deal with Dishonest Tax Agents is available at HMRC’s website.

HMRC AGENT UPDATE - ISSUE 35

26 April 2013

HMRC has published the latest edition of Agent Update.

As you would expect at this time of the year Update 35 is a bumper edition with the lead story being the subject of RTI. The bulletin then goes on, as normal, to cover the full range of business areas that impact on the working relationship between agents and HMRC.

AGENTS LEARNING TOGETHER WITH HMRC

2 May 2013

HMRC has published details of events that they are running for Agents who are registered with an Agent Account Manager.

HMRC Learning Together events enable tax agents and advisers to learn together in an informal and safe environment. However, before you can attend these events you will need to be registered for HMRC's Agent Account Manager (AAM) service.

Events are being held throughout May in a variety of locations.

CH995 – AUTHORISING A TAX ADVISER FOR HIGH INCOME CHILD BENEFIT MATTERS

29 May 2013

HM Revenue & Customs have produced a form to be completed by an individual to authorise a tax advisor to act on their behalf in matter relating to the High Income Child Benefit charge.

The CH995 can be completed online however must be printed off and signed before sending to the:

Child Benefit Office
PO Box 1
Newcastle Upon Tyne
NE88 1AA

If an individual wants a tax adviser or accountant to act on their behalf for specific matters relating to the High Income Child Benefit charge, they will need to **first** formally authorise them using this form.

HMRC AGENT UPDATE - ISSUE 36

26 June 2013

HMRC has published the latest edition of Agent Update. It includes a round up of the latest developments in tax, HMRC service and consultations for accountants and tax professionals and a section on the latest news and issues from the Working Together network.

HMRC UPDATE PRESENTATION FOR SMALL AND MEDIUM ENTERPRISES

11 July 2013

HM Revenue & Customs have recently updated their presentation focusing on small and medium enterprises and the registration process for using HMRC taxes online.

Agents can request an HMRC speaker to present this for their event or meeting via the AAM team (Agent Account Managers).

HMRC UPDATES DISHONEST TAX AGENT RULES

16 July 2013

From 1 April 2013, new legislation has allowed HMRC to:

- investigate dishonest conduct by tax agents;
- charge civil penalties of up to £50,000; and
- publish the details of tax agents who have acted dishonestly.

HMRC worked closely with the professional bodies to develop this legislation which contains many safeguards and checks.

However, HMRC has recently updated its guidance following feedback from some of those stakeholders involved with developing the original legislation.

The changes make clear that HMRC can only proceed to ask for documents, charge a penalty and publish details once the conduct notice appeal stage has been exhausted and, if the conduct notice is appealed.

Recent updates are shown in the Update Index.

HMRC BRIEFING NOTE TAX AGENT STRATEGY AND AGENT ONLINE SELF SERVE (AOSS)

26 July 2013

HM Revenue & Customs has produced a briefing paper to update Tax Agents on the latest developments of the Tax Agent Strategy and Agent Online Self Serve.

The update aims to provide Tax Agents with news of the latest developments with the Tax Agent Strategy as a result of work being carried out by HMRC, who is working closely with the Joint Tax Agent Strategy Steering Group, the Agent Engagement Group and the Agent Strategy Group to ensure that any proposed changes are informed by involvement with and feedback from agents, who, the briefing suggest, will also be given plenty of opportunity to be involved with user testing of the new online services before they are rolled out.

The Agent Online Service which is one of the four exemplar services named within the HMRC Digital Strategy will introduce for the first time a single identifier for an agent – the Unique Agent Reference (UAR). The UAR will be the Agent's route to access new digital services and will replace all existing processes more information will follow when this is going live, which will be soon, so keep watching.

HMRC AGENT UPDATE – ISSUE 37

7 August 2013

HMRC have published the latest issue of the Agent Update which looks to pull together news, information and updates from HMRC.

This edition's lead subjects include:

- **HMRC service** - Changes to HMRC service, upcoming HMRC events and guidance.
- **Consultations** - Details of live consultations and response summaries.
- **Working Together** - Latest updates from the partnership between HMRC and the six main agent representative bodies.

This month's top articles include:

- **Tax Agent Strategy** - update
- **Self Assessment deadline** - information for agents
- **RTI** - relaxation of reporting arrangements for small businesses extended

HMRC'S RELATIONSHIP WITH TAX AGENTS

7 August 2013

HMRC has updated their guidance on the Tax Agent Strategy - including the development of new online services for agents.

New online services for agents

HMRC published their digital strategy in December 2012. This set out HMRC's ambition to deliver a transparent tax system that encourages voluntary compliance, enabled by customer-focused digital services.

As part of this work, the Tax Agent Strategy programme will introduce some new agent services by March 2015. These will:

- help you take more control of your clients' tax affairs
- let you carry out the same tasks online as your clients
- reduce your need to contact HMRC
- make the information about your clients' tax affairs more accurate and up-to-date
- reduce costs to both agents and HMRC

This guide provides an overview of the new services and updates on their development.

SINGLE COMPLIANCE PROCESS – UPDATE FOR TAX AGENTS

8 August 2013

HMRC has published a briefing note explaining the outcome of the evaluation of the Single Compliance Process.

What is the Single Compliance Process (SCP)?

HMRC sees the SCP as a single framework within which the majority of future small and medium enterprise business compliance checks will be undertaken, catering for both single tax and cross-tax enquiries. The aim is to relieve the compliance burden on businesses and their agents and to increase the efficiency of their activities.

A specially convened sub-group of the Compliance Reform Forum has been working closely with HMRC over the last couple of years to develop and trial a new enquiry process. During the design/trial stages, feedback and concerns were considered and agreement was reached on a revised opening approach under which the agent will be contacted in the first instance.

The evaluation work has and will help HMRC to understand more about how customers can benefit from an SCP approach. It has also allowed the department to gather additional information to establish that indicative benefits will be seen across the broader range of cases.

For full details read HMRC's briefing note.

Update on the Tax Agent Strategy

5 September 2013

The latest briefing note on the Tax Agent Strategy explains the latest position on HMRC's digital services and future plans.

Briefing Note – August 2013

Looking to the Future

- HMRC had intended to publish a consultation this summer to ask for views from agents and the public on the next steps for the Tax Agent Strategy. After careful

consideration we have, however, decided that we can make progress and take the next steps without the need for a formal consultation at the present time.

- The Spending Review 2013, which details the Government's spending plans for 2015-16, allocated more than £200m over the next three years to enable HMRC to become an increasingly digital business – offering customers a range of digital services which are so convenient and easy to use that anyone who can use them will choose to do so. We are building a number of initial services as models for other services (known as exemplar services).

- The first digital exemplar services (including Agent Online Self Serve) are already being developed using the new "agile" method of IT development that is being widely rolled out across Government. This process allows us to build and test quickly, learn from feedback as we go, make changes and move incrementally towards a final system - rather than designing a system in full at the outset. The result is a system which allows the needs of users to be recognised and catered for as it develops, so the final system works better for everyone when it is implemented.

- We are working with the Government Digital Service (GDS) to build a single Digital Tax Platform that will operate across all HMRC Lines of Business/tax regimes and address the needs of customers and their agents. We are also committed to designing new digital services for customers which are capable of being used by agents on their clients' behalf provided a valid agent/client relationship can be verified. This important aspect now underpins all of our digital systems development.

- The work that we have done so far suggests that a formal public consultation document is neither necessary nor appropriate at this point. We are pleased to report that a number of volunteer agents are testing developments as we build them (see more below).

- We re-iterate that HMRC has no plans to regulate the tax agent profession. HMRC would like to reaffirm its view that agents have an essential role to play in making the tax system work and securing the tax base. HMRC wants to work with agents to support them in that role as we move towards an improved and more efficient tax system based on a digital platform.

What we will do

- We will continue work developing the new agent registration service under which agent firms will apply for a Unique Agent Reference (UAR).

- We will shortly begin developing an improved agent authorisation service which will make it easier for agents to let HMRC know when they are engaged by a new client.

- We also need to establish and test the process for transition, in particular the simple transfer of clients across to the new system.

- We will work with GDS and other colleagues to develop our 'digital' vision for the future. We want to be able to share this vision with agents and discuss the role of the agent in an increasingly digital world with you. This may take the form of a consultation at a later date and we will keep agents informed of our plans.

- We will set up a series of pilots to continue to test Agent and Client Statistics (A&CS brings together information held on HMRC systems about agents and the filing, payment and compliance histories of their clients) with the aim of identifying what 'good looks like' and how the best agents work.

- As part of this work we will test how best to manage compliance risk – both before and after tax returns have been submitted – and how HMRC can work with agents to lower these risks.

- We will continue to work closely with the agent representative bodies (through the Joint Tax Agent Strategy Steering Group, the Agent Engagement Group, the Agent Strategy Group and the Compliance Reform Forum) as work on the above areas progresses and we will consult on the pilots and any changes proposed at the various agent/HMRC consultative groups.

'User testing'

- We're pleased to say that the first 'user testing' session – covering registering to act as an agent under the new system – took place on 20 August. The session was successful and GDS and HMRC received some useful feedback on these very early screens. We'll continue the build-and-test approach to ensure we design a new system which works well for both agents and HMRC.

- We will continue testing developments for agents with agent firms of all sizes so that we can be sure that any new systems and processes will work for all.

HMRC Agent Update – Issue 38

23 October 2013

HMRC have published the latest issue of the Agent Update which is the bi-monthly round up of the latest developments in tax, HMRC service and consultations for accountants and tax professionals.

This month's top articles include:

- **Single Compliance Process briefing paper for tax agents -** explains the outcome of the evaluation of the Single Compliance Process which has been tested by HMRC.

- **Alternative Dispute Resolution (ADR) for SMEs and individuals -** After a two year trial ADR becomes part of normal HMRC business. HMRC has also published a summary report of the pilot for ADR for large and complex cases.

- **Employee shareholder status -** new employment status available from 1 September 2013. HMRC have published guidance on tax rules that apply to the employment shareholder shares received by individuals, in return for agreeing to the new employee shareholder status.

Agent Update 38

HMRC surveys Agent views of Toolkits

19 November 2013

HMRC have published a survey to gather agent views as to how useful they find the HMRC toolkits.

The survey, which should only take a few minutes to complete, aims to gather views and experiences from agents as to why they use the toolkits and how useful they find the toolkits to be. The survey is confidential and does not require you to submit any personal data.

Central Agent Authorisation Team turnaround times

26 November 2013

If you need an agent authorisation for Self Assessment to be effective before 31 January 2014, HMRC suggests that you apply for agent authorisation online by 15 January or post form 64-8 by 23 December.

Applications for Self Assessment registration should be posted by 20 December.

The table below shows the estimated turnaround times that HMRC aims to achieve based on current work plans and transaction volume forecasts.

Please note that this is not an estimate of how long it takes HMRC to process your application. Instead, HMRC is providing an estimate of the 'end to end' turnaround time - that is, how long you should allow after posting your form to HMRC for your authorisation / application to become effective, or for you to receive any relevant outputs.

Transaction	Form	Please allow
Online agent authorisation	n/a	2 weeks
Paper agent authorisation where there is an existing record	64-8	5 weeks
Self Assessment registrations (including those sent accompanying form 64-8)	SA1, CWF1, SA400, SA401, SA402 or online equivalents	6 weeks

Please avoid contacting HMRC if your application falls within these turnaround times as this will divert resources away from processing applications.

Find out more about registering for Self Assessment

Find hints to help speed up the processing of paper authorisations

HMRC surveys Agent views of Toolkits

27 November 2013

HMRC have published a survey to gather agent views as to how useful they find the HMRC toolkits.

HMRC recently held a short series of workshops to better understand what agents think about the toolkits, and would now like to hear from all agents who have used the toolkits - even if only once. HMRC's short survey is available until 29 November.
HMRC intends to use these findings to help inform the future development of the toolkits and make them easier to use. The survey should take no more than a few minutes to complete and your answers are completely anonymous.

- Find out more about HMRC Agent Toolkits
- View the HMRC Agent Toolkits YouTube video

Complaints Factsheet - information for agents

4 December 2013

HMRC will no longer send a Complaints factsheet to agents who complain about Self Assessment or Income Tax.

View the Complaints Factsheet

HMRC Agent Update 39

4 December 2013

HMRC have published the latest issue of the Agent Update which is the bi-monthly round up of the latest developments in tax, HMRC service and consultations for accountants and tax professionals.

This month's top articles include:

- **Self Assessment deadline** - HMRC has brought together guidance for tax agents and advisers to help you manage the 31 January 2014 Self Assessment deadline.

- **Joint Initiative on HMRC Service Delivery** - Read the latest joint statement published on the HMRC website.

- **Autumn Statement 2013** - The Autumn Statement 2013 will be made by the Chancellor of the Exchequer on 5 December and full details of the Chancellor's announcements will be available within minutes of his speech ending. Further publications are planned for the 10 December where most of the information and documents relating to the Finance Bill 2014 draft clauses will be available.

Agent Update 39

HMRC opens new channel for agent engagement

14 January 2014

HMRC has launched a new blog to improve the way it works with agents.

The Agent Engagement Team's blog supports HMRC's strategy for engaging with agents. In particular, it provides a new channel to communicate about:

- joint HMRC and agent consultative meetings;
- the rollout of HMRC's Tax Agent Strategy;
- improvements to HMRC services by working together;
- the services available for agents.

Theresa Middleton, Director Business Tax Customer and Strategy said:

"Over the next couple of years HMRC is introducing new digital services for customers and their agents. As part of this, there is a lot of joint working taking place. We involve and consult with agents and their representatives in many different ways. The aim is to keep people up to date through regular blogging and to have a more immediate way of getting agents' views."

HMRC Agent Account Manager Events

30 January 2014

During February HMRC will be holding some face to face events at various locations across the UK as part of the help and support that they provide for tax agents and advisers.

Tax Agent Strategy and New Digital Services for Agents

The presentations will focus on the new Tax Agent Strategy and digital services for agents and HMRC's material has been updated to include the latest information.

The Tax Agent Strategy aims to transform the relationship between HMRC and agents by:

- gaining a better understanding of agents and their clients to help HMRC target the right services and communications
- aligning HMRC and agent processes where possible and enabling agents to carry out some transactions for themselves with minimal HMRC involvement
- eliminating duplication and reworking - making it easier for agents to do business with HMRC and reducing costs
- supporting agents in improving services for their clients and, where needed, tackling the small minority of agents with poor performance more effectively
- working closely with the agent representative bodies on the development of Agent and Client Statistics

The presentations will also include a talk about what HMRC is doing to improve the authorisation (Form 64-8) process and an overview of agent services available from HMRC.

If you would like to attend one of these events below please email learning.together.bcu@hmrc.gsi.gov.uk. Please supply all names of attendees, the session you wish to attend and the number of places required. If you have not already registered for the Agent Account Manager Service you will need to register before you attend. Follow this link to register.

Date	Time	Location	Address
10 February 2014	10.30 – 12.30	Ealing	HMRC, International House , 7 High Street, Ealing Broadway, London W5 5DJ
13 February 2014	14.00 – 16.00	Inverness	Cowan House, Inverness Retail and Business Park, Inverness IV2 7GF
18 February 2014	10.00 – 12.00	Edinburgh	HMRC, Elgin House, 20 Haymarket Yards, Edinburgh, EH12 5WN
18 February 2014	13.00 – 15.00	Edinburgh	HMRC, Elgin House, 20 Haymarket Yards, Edinburgh, EH12 5WN
18 February 2014	10.00 – 12.00	Hull	HMRC, Cherry Court, 36 Ferensway, Hull, HU2 8LP
18 February 2014	13.00 – 15.00	Hull	HMRC, Cherry Court, 36 Ferensway, Hull, HU2 8LP
19 February 2014	10.00 – 12.00	Sheffield	HMRC, Concept House, 5 Young Street, Sheffield, S1 4LA
19 February 2014	13.00 – 15.00	Sheffield	HMRC, Concept House, 5 Young Street, Sheffield, S1 4LA
26 February 2014	10.00 – 12.00	Bradford	HMRC , Centenary Court, 1 Blaize Way,

			Bradford , BD1 4YL
26 February 2014	13.00 – 15.00	Bradford	HMRC , Centenary Court, 1 Blaize Way, Bradford , BD1 4YL
27 February 2014	10.30 – 12.30	Ealing	HMRC, International House , 7 High Street, Ealing Broadway, London W5 5DJ

CIPP comment

The CIPP recently wrote an update on HMRC's Tax Agent Strategy for Accounting Web which can be read by following the link below.

Will HMRC's Tax Agent Strategy come to fruition? – January 2014

HMRC Agent Update 40

27 February 2014

HMRC have published the latest issue of the Agent Update which is the bi-monthly round up of the latest developments in tax, HMRC service and consultations for accountants and tax professionals.

This month's top articles include:

New timetable for RTI penalties
HMRC has announced that there will be a staggered start to the introduction of new penalties relating to RTI.

The National Insurance Contributions (NICs) Employment Allowance
The Employment allowance is up to £2,000 off an Employer's secondary class 1 NICs liability every year. It is available to businesses and charities from 6th April 2014. Guidance on eligibility and how to claim the allowance has now been published. Agents will want to make their clients aware of their possible eligibility to claim the Employment Allowance from 6th April.

HMRC opens new channel for agent engagement
HMRC has launched a new blog to improve the way it works with agents. The Agent Engagement Team's blog supports HMRC's strategy for engaging with agents. In particular, it provides a new channel to communicate about joint HMRC and agent consultative meetings, the rollout of HMRC's Tax Agent Strategy, improvements to HMRC services by working together and the services available for agents.

Agent Update 40

HMRC update Tax Agent Strategy guidance

21 February 2014

HMRC has updated their guidance on the Tax Agent Strategy - including an update on the new online services for agents.

The Tax Agent Strategy - an overview
Background information and updates on the programme which aims to transform the relationship between HMRC and agents

New online services for agents
Latest developments on the new online services which will help you take more control of your clients' tax affairs

HMRC's 'Agent and Client Statistics'
Updates on the pilot of HMRC's 'Agent and Client Statistics' - bringing together information about you and your clients

Joint Initiative on HMRC Service Delivery
How agents and HMRC are working together to improve HMRC's service standards

Dishonest conduct by tax agents
What happens when HMRC opens an investigation into dishonest conduct by tax agents

HMRC agent research into use of digital services

11 March 2014

HMRC has commissioned independent research company TNS BMRB to survey a random sample of 1700 paid agents by telephone interview. Invitation letters will be issued to agents by HMRC prior to the telephone call.

A number of paid tax agents may have received a letter recently, signed by Business Tax Director General, Jim Harra. The letter explains that HMRC has commissioned independent research company TNS BMRB to carry out a survey. HMRC want to understand more about agents' use of digital services now – and the support they may need in future, as more and more services are offered online. Agents do not have to participate in the survey but HMRC hope that many will as their input is important to help provide the right services that work well for both agents and HMRC.

HMRC estimate that there are around 43,000 professional, paid agents' entities operating in the UK - ranging from sole traders to international companies, excluding those who work in the voluntary sector or on behalf of friends and family.

TNS BMRB will contact a random sample of paid agents and carry out 1700 telephone interviews. They will select around 30 agents to test the questionnaire to begin with. Following any necessary adjustments, HMRC will issue invitation letters for the rest of the 1700 interviews, which will be carried out between 10 March and 25 April. The questions are designed to give HMRC a better understanding of the tasks agents carry out on their clients' behalf – and to explore attitudes to HMRC and the use of digital services.

Follow-up interviews and focus groups will be conducted with some survey participants who are happy to explore the issues in more depth. TNS BMRB will not give HMRC the names of the agents they have interviewed and all responses to the survey will be anonymised and amalgamated before being given to HMRC.

Of course, you don't have to wait for an invitation to tell HMRC what you think about their digital services – you can let them know by responding to this blog. Do you use them now? If so, what could we do to make them better?

Toolkits to help reduce errors: agent survey results

17 March 2014

HMRC toolkits provide agents with guidance on areas of error that HMRC sees in the returns submitted by agents.

In the final quarter of 2013 HMRC conducted a short series of workshops and an online survey to better understand what agents think about HMRC's Agent Toolkits. They would like

thank those agents who took part and share with you the key findings along with some of the steps they are taking to respond to some of the suggested enhancements.

HMRC are pleased to find that most respondents are content with the toolkits and that the majority use toolkits online and therefore benefit most from the many hyperlinks to additional detailed information.

The majority also stated that they would like to be able to complete the checklist section for a particular client and have the option to save it electronically or print it to save in a client's file. As a result HMRC are introducing enhanced functionality to each toolkit as part of its annual maintenance cycle to review and refresh content.

The first two toolkits to incorporate the new functionality are:

- Expenses and Benefits from Employment Toolkit
- National Insurance Contributions and Statutory Payments Toolkit

Both toolkits are due to be published on 6 April 2014. Other toolkits will be enhanced when they receive their annual update.

Two thirds of all respondents stated that using the toolkits gave them 'reassurance' and helped them 'identify potential errors'. Only 3% stated that 'there are no benefits' from using the toolkits.

One of the most common issues that users said they encountered when using toolkits was that they found them to be 'time consuming'. HMRC recommends that the toolkits are used online because this provides the quickest way to use the many hyperlinks to access further guidance but we recognise that some agents will benefit more than others from using the toolkits and that they may form only part of an agents wider assurance measures.

Agents can provide suggestions and feedback to improve the toolkits at any time by accessing the online feedback form.

Read more about, and find the latest toolkits to help reduce errors here.

Welfare Reforms

EARLY ROLL OUT OF UNIVERSAL CREDIT IN MANCHESTER AND CHESHIRE

31 May 2012

The Work and Pensions Secretary Iain Duncan Smith has announced that Universal Credit will go live in the Greater Manchester and Cheshire region in April 2013, six months before the national roll-out.

The early roll out of the Government's flagship new benefit system is expected to see up to 1500 new Universal Credit claimants coming on stream across four areas – Tameside, Oldham, Wigan and Warrington - each month. It will test the new simpler, single benefit payment system with local authorities, employers and claimants in a live environment before Universal Credit is rolled out across the country in October 2013.

Iain Duncan Smith said:

"By sweeping away the complexities of the current benefit system, Universal Credit will be simpler and more straightforward for people to claim and this early roll out marks a significant step in the delivery of our welfare reforms.

"The early introduction of Universal Credit demonstrates our ongoing commitment to transforming the welfare system and will improve the lives of millions of claimants by incentivising work and making work pay."

Work will continue over the coming months to ensure that jobcentres, local authorities and employers in the Greater Manchester and Cheshire region are geared up to support the new service ahead of the early roll out in April.

Lord Freud the Minister for Welfare Reform said:
"The development of Universal Credit is progressing extremely well. By next April we will be ready to test the end to end service and use the feedback we get from claimants to make final improvements before the national launch. This will ensure that we have a robust and reliable new service for people to make a claim when Universal Credit goes live nationally in October 2013."

Today Ministers have also confirmed that Universal Credit will be introduced across Britain, starting on a small scale in every region from October 2013 and building up capacity to April 2014, when all new claims to the current benefits and credits will be entirely phased out.

People who have recently lost their jobs and are closest to the labour market will be the first to make a claim for Universal Credit, with the majority making claims online rather than by telephone or face to face.

Read the full DWP press release

The CIPP has read with interest this latest announcement from the DWP. They have confirmed that they will be rolling out Universal Credits in the Greater Manchester and the Cheshire region in April 2013, 6 months earlier than planned. Why this is of interest is that as we know "most" employers will be processing RTI from April 2013, but we also know that HMRC will afford some flexibility for the largest of employers and possibly some payroll bureaus before they enter the RTI world, although all will still be required to be on board by October 2013. Assuming this to still be the case, and assuming that the DWP still intend to utilise information submitted by employers in real time, what will they do if one of their claimants in these areas happens to work for a large employer that has agreed a later RTI entry date?

DWP MONTHLY NEWSLETTER – MARCH 2013

25 March 2013

The DWP have circulated their latest monthly stakeholder newsletter.

Topics included within the March stakeholder newsletter include:

- DWP reform communications toolkit launched
- Benefit cap - National rollout
- Appeals process changes for Personal Independence Payment and Universal Credit
- Employing Older Workers - Answering Employer Questions
- Universal Credit Partner toolkit
- HSSF Telephony Network Grant Programme
- Removal of the Spare Room Subsidy for Social Sector Tenants

- DWP consultations

DWP reform communications toolkit launched

DWP has produced a toolkit of communications materials to help tell the DWP Reform Story. It explains the context behind reforms and provides an overview of changes taking place over the next few years.

The toolkit gives the headline information you need across all our policy areas. To support this DWP has produced more detailed packs, such as the Personal Independence Payment toolkit and the Universal Credit Partner toolkit.

The reform communications toolkit will be updated monthly so it is always accurate.

Employing Older Workers - Answering Employer Questions

The DWP have produced a short guide for employers aimed at answering many of the questions and addressing concerns that many employers have on the subject of Employing older workers – An employer's guide

Past issues of the monthly stakeholder update can be accessed at the DWP website.

DWP MOVING ON TO A NEW (WEB) HOME

17 April 2013

The Department for Work & Pensions have begun their move to GOV.UK.

The new home for Department for Work and Pensions corporate and policy information is now Inside Government on GOV.UK. They will continue to move all web content to Inside Government between now and the end of 2013.

The short address for the DWP's new home page is www.gov.uk/dwp where you will now be able to find news, announcements, policy information, consultations and some publications on GOV.UK.

DWPs statistics and research news will move soon however information for specialist audiences is still available on the DWP site including that for:

Advisers and intermediaries
Healthcare professionals
Local Authority staff
Suppliers
Other specialists
Catalogue of DWP leaflets
Specialist publications
Detailed benefit guides
Adviser Updates

DON'T DELAY IN RENEWING YOUR TAX CREDITS

23 April 2013

HMRC are reminding tax credit claimants that they risk their tax credits ceasing if they don't renew by 31 July.

The Employer Bulletin Issue 44 also contains an article which sees HMRC asking employers, to encourage their staff to renew as soon as possible to reduce the risk of over payments of tax credits being stopped. Promotional material has been together for employers to use to help get the message across, messages on payslips, article for company newsletter,
poster to display in workplace

HMRC will begin to send out Tax Credit renewal packs to about 5.8 million people from now until the end of June.

They are urged to act as soon as they receive a renewal pack. More than 3.7 million claimants renewed by the deadline last year, 90 per cent of those who were required to renew their claim.

HMRC is also asking claimants to check the accuracy of the information in the pack, and may have to query some of it with employers.

Claimants must tell HMRC about any changes to their circumstances that they haven't already reported, such as changes to working hours, childcare costs or pay. If asked, they must also provide details of the previous year's income.

The amount a claimant's income can change before HMRC must be told – the income disregard – was reduced this April to £5,000.

Having the right documents available will help reduce mistakes when they are filling out the form or calling HMRC's Tax Credits helpline. These documents would be, for example, payslips, end of year P60 forms and childcare payment details.

HMRC's Director of Benefits and Credits, Nick Lodge, said:

"Our message to people is renew early, renew accurately and renew on time.

"They should aim to renew their Tax Credits as soon as they receive a pack, and must check that their details are correct.

"If claimants don't renew claims before 31 July, their payments might stop."

Universal Credit, which will take over all Tax Credit claims by 2017, will be introduced this year. It is therefore important that claimants ensure that the data held by HMRC about their claim is accurate.

Claimants can get help and information on Tax Credit renewals from:

Website: https://www.gov.uk/browse/benefits/tax-credits

Telephone: Tax Credits helpline – 0345 300 3900

DWP STAKEHOLDER BULLETIN - APRIL 2013

24 April 2013

The Department for Work and Pensions have published the April edition of their stakeholder bulletin.

This edition contains articles about:

The health and work assessment and advisory service - It was announced in the 2013 Budget that tax relief will be available on health related interventions recommended by the new health and work assessment and advisory service.

Employers will receive tax relief on expenditure of up to £500 on health-related interventions to help an employee return to work after sickness. The Government plan to consult on the implementation of tax relief later this year, ahead of the introduction of the service in 2014.

The Statutory Sick Pay Percentage Threshold Scheme will be abolished in April 2014 to provide funding for the health and work assessment and advisory service.

DWP Consultations

Appeals process changes

Jobseeker's Allowance – claiming via the online service

Changes to loss of Benefit Penalties - The Department for Work and Pensions and HM Revenue and Customs have brought in changes to current legislation to impose tougher penalties on people who commit benefit fraud.

Personal Independence Payment (PIP) – which was introduced on 8 April 2013

DWP STAKEHOLDER BULLETIN - MAY 2013

21 May 2013

The Stakeholder bulletin for May has been issued by the Department for Work & Pensions (DWP).

The May edition included articles on a variety of subjects including the early rollout of Universal Credit, known as Pathfinder which began in some areas of Greater Manchester and Cheshire in April 2013. Universal Credit will be progressively rolled out nationally from October 2013. The Universal Credits Toolkit for Partner Organisations has been refreshed to provide information about Universal Credit in different formats.

You can sign up to receive Stakeholder Bulletin at the DWP website.

DWP STAKEHOLDER BULLETIN - JUNE 2013

The Stakeholder bulletin for June has been issued by the Department for Work & Pensions (DWP).

Stakeholder bulletin - June 2013

Contents include:

- DWP and the Spending Review
- Personal Independence Payment – national go-live
- Benefit Cap – National implementation approach
- Post Work Programme Support
- Resources for understanding appeals process changes.

DWP STAKEHOLDER BULLETIN - JULY 2013

The Stakeholder bulletin for July has been issued by the Department for Work & Pensions (DWP).

Stakeholder bulletin - July 2013

Contents include:

- Universal Credit Pathfinder
- Publication of Fulfilling Potential - Making it Happen
- Health and productivity of an ageing workforce – employer resource.

DWP stakeholder bulletin - August 2013

The Stakeholder bulletin for August has been issued by the Department for Work & Pensions (DWP).

Stakeholder bulletin - August 2013

Contents include:

- Drive to get more disabled people into mainstream jobs
- Consultation on DWP's 2013 Commissioning Strategy
- Child Maintenance Service opens to more separated parents
- Universal Credit working with the Money Advice Service

Universal Credit: A quick guide for employers

23 September 2013

The Department for Work and Pensions has published a quick guide for organisations about what Universal Credit will mean for employers.

Universal Credit is the driving force behind reporting real time information; in particular the implementation timelines so having a brief idea of how it works may be of benefit if you are asked any questions from employees.

Universal Credit works for employers – this three page guide explains:

- how Universal Credit affects employers
- what employees claiming Universal Credit have to do
- when the Universal Credit changes happen.

Universal Credit increases the financial benefits of work and provides employers with a more flexible workforce.

Further information

- Simplifying the welfare system and making sure work pays – DWP originally published March 2013 (updated September 2013)
- DWP stakeholder bulletins – published monthly

Updated welfare reform communications toolkit

27 November 2013

The Department for Work and Pensions (DWP) has updated its welfare reform communications toolkit.

The toolkit helps explain why and how DWP is changing the welfare system and includes detailed information about both Universal Credits and automatic enrolment, both of which you may find useful when dealing with employee enquiries.

The welfare reform communications toolkit is available on GOV.UK.

Universal Credit progress

6 December 2013

The next stage of delivery of Universal Credit will concentrate on the continued safe and secure roll out of the vital reform.

The new benefit, which brings together 6 benefits and tax credits into 1, and ensures that work pays, has been progressively rolling out since April, when it began in the Greater Manchester area.

As announced in July, the department has been working in conjunction with the Government Digital Service to explore an enhanced IT system for Universal Credit that uses the latest in technological advances. Ministers have confirmed that this system has proved viable and the department will further develop this work with a view to rolling it out once testing is complete. While this work is undertaken, Universal Credit will continue to expand. It is now live in 7 areas across the country, growing to 10 by spring 2014. From there, the roll out will expand beyond the existing single claimant group, to new claims from couples and families in all of these areas. By the end of next year, Universal Credit will start also to expand to cover more of the north-west. Universal Credit will therefore expand in scope and scale over the next 2 years.

Pressing ahead with the existing system while the enhanced IT is being developed will allow for greater understanding of how individuals in different circumstances interact with Universal Credit. It also allows higher volumes of people to benefit from the better work incentives that come with the new benefit. Importantly, this approach will still allow the Universal Credit programme to roll out within the original budget.

Read the full press release from The Department for Work and Pensions.