

Minutes of the Employment Consultation Forum

Date: 11 June
Location: 100 Parliament Street, London

Co-chair	Lucy Allen	LA	Stakeholder Management
Co-Chair	Karen Thomson	KT	Chartered Institute of Payroll Professionals
Secretary	Carole Carter	CC	Employer Engagement

Attendees:

Trevor Blackmur	TB	Association of Taxation Technicians
Colin Ben Nathan	CBN	Chartered Institute of Taxation
Norman Green	NG	British Computer Society
Jon Henderson	JH	Confederation of British Industry
Linda Pullan	LP	Payroll Alliance
Justine Riccomini	JR	The Institute of Chartered Accountants of Scotland
Alex Rowson	AR	Business Application Software Developers Association
Brian Stenhouse	BS	Armstrong Watson
Jane Turley	JT	International Association of Book-keepers
Ken Voller	KV	Institute of Chartered Accountants England and Wales
Helen Harvey	HH	Payroll Bureau – Nanny Tax
Jason Piper	JP	Association of Chartered and Certified Accountants

HMRC

Zoe Stokell	ZS
Karen Hopton	KH
Ruth Elliot	RE
Colin Kirk	CK
Andy Sayer	AS
Michael Adams	MA

Apologies:

Glenn Collins	Association of Chartered and Certified Accountants
Peter Bickley	Institute of Chartered Accountants England and Wales
Simon Parsons	Payroll Bureaux
Jackie Petherbridge	Federation of Small business and Private Sector Payroll
Ian Whyteside	Association of Accounting Technicians

1. Welcome and Introductions

KT welcomed everybody to the meeting.

2. Scottish Rate Income Tax (SRIT)

KH, ZS and RE attended the meeting to share with the members some of the emerging detail in respect of SRIT and discuss how HMRC intend to communicate the changes.

HMRC has worked in partnership with the Scottish Government since October 2012.

The change impacts individual taxpayers who engage with the PAYE, SA and pension relief at source process and HMRC will work in partnership with Employers, Payroll, Software Developers, Agents and Pension Providers to deliver this change.

The project is 21 months away from go-live.

Individuals will be assessed as either a rest of UK or Scottish Taxpayer. It will be the responsibility of individuals to advise HMRC of changes of address. HMRC will focus on their main residence address not place of work.

Members raised concerns about:

- The prefix identifier to be used on the tax code. KH advised that no decision has yet been made about this.
- How SRIT will work with auto enrolment – employers will need a signal not just pension providers.
- Relief at Source for pension scheme contributions.
- Residency Tool – it needs to be clear that any tool for SRIT is just for that – it shouldn't be linked with existing tools.
- Under/Over payment scenarios - adjustments
- P60 – what is changing in relation to SRIT
- Completion of the P60 – what is the responsibility of the employer
- Engagement – HMRC will be engaging with individuals not usually contacted.
- Week 1/month 1 process
- Secondments – individuals moving from their normal residence in Scotland to the rest of the UK on secondment for a period of 3,6,12 or 24 months. What affect, if any, will this have on their 'main' residence.

Further discussions will take place at the next ECF or a separate workshop will be arranged.

3. Digital Update

AS attended to give the group an update as to how the main digital exemplars are developing.

PAYE for Employees – this exemplar, which enables customers to update HMRC on changes to the company car and/or fuel, is still in the private beta (pilot) phase. The current numbers of customers currently using the service is small but that is the nature of the Agile development, i.e. test with a small number of customers, refine and test again. We are working with our Large Business colleagues to target companies that provide company cars to their employees rather than a generic marketing push.

Two companies are currently acting as Identity Assurance providers with more companies expected to join by the end of July.

Your Tax Account – this is also being delivered using the Agile methodology and is now in the Public Beta phase. The advert inviting customers to join the service will appear periodically so allow the service and customer support model supporting it to be tested and if any changes/fixes are identified for them to be made prior to the advert appearing again. The service is proving to be very popular and when it is available large numbers are opting in to use the facility.

Self Assessment – customers are opting in to receive paperless contact. Once opted in paper does not stop instantly. The current plan is that SA statements will be the first product that ceases to be sent out to those customers that have opted in to receive digital alerts. These alerts will remind customers to log on to Your Tax Account where they can view their messages.

4. RTI Update

CK gave an update on RTI, large parts of which are now business as usual.

1.8 million are now reporting in real time (97% of the schemes which are live). Some non standard schemes have come in the year e.g. exam and elect. HMRC are contacting those that have not filed to check if the schemes need to be closed.

The feedback received suggests that employers and stakeholders found that end of year under RTI is much simpler, easier and quicker. Some members said this had not necessarily been their experience.

A discussion took place about various issues HMRC is currently working through. Members said it would be helpful if statistics could be provided on this in a standard format that they

could refer to showing the nature of the issue being looked at, number involved and timescale for resolution.

A lot of the contact through the helplines was for re-assurance to confirm that they had done all they needed to although we had a number of calls needing help on EYU'S etc.

GNS messages have now been amended for 2014-15 taking into account the feedback received from customers.

We are continuing to look at issues around reconciliation of charges. Changes have been made to the guidance when we identify areas that require further clarification. The aim is to resolve any outstanding cases by September.

The issues raised around Annual Schemes are being looked into but a number of cases have been seen where the employer has made submissions hence nullifying the annual scheme status.

The internal team looking at the Issues Resolution Forum has moved in to Business as usual and will continue for this year.

Members raised some issues they are currently dealing with and CK agreed to look at any examples provided.

DWP will be invited to the next meeting to give an update on Universal Credit.

5. Expenses and Benefits

The Chancellor's Budget on 19 March included an announcement that the Government would be consulting on reforms to the taxation of benefits in kind and expenses. MA attended the meeting to give information about four consultations which will launch in June. These consultations will form a package of reforms in this area in addition to two longer terms reviews.

- Abolition of the £8,500 threshold for "lower paid" employments
- Trivial benefits exemption
- Voluntary "Payrolling" of benefits in kind
- General expenses exemption to replace Dispensations

In addition to these consultations there will be a review of the tax rules governing travel and subsistence expenses and a wider 'call for evidence' about payment and reward practices in the 21st century, and where the tax system has not kept pace with changes in these practices.

This link takes you to more information:

<https://www.gov.uk/government/publications/employee-benefits-in-kind-and-expenses-an-update/employee-benefits-in-kind-and-expenses-an-update>

HH asked if the living accommodation threshold is also being looked into. An OTS report is due out at the end of July and this will be looked at after that report is released.

6. Abolition of Employer National Insurance Contributions for Under 21's

The Chancellor accounted at Autumn Statement 2013 his intention to abolish most **employer** NICs that would otherwise be payable on the earnings of employees under the age of 21. This is part of a wider package of measures to help support young people and boost economic development.

From 6 April 2015 employers will not be required to pay Class 1 secondary NICs on earnings up to a new "Upper Secondary Threshold" (UST) for employees who are under the age of 21. Class 1 secondary NICs will however continue to be payable on all earnings above the UST.

KT gave an update on this following a workshop which was held on 22 May with some of the ECF members.

The main concern raised was that it is 'critical' guidance is issued by October 2014.

7. AOB

LA gave an update on how the transition to GOV.UK is progressing. Members expressed concerns with some of the content and use of search. LA advised that the best way to give feedback on any of the pages is by using the feedback email the link for which is at the bottom of each page – “is there anything wrong with this page”.

Scheme Contracted-out Number (SCON) – from 6 April 2014 employers are now required to show the relevant SCON on their Full Payment Submissions (FPS). A temporary valid ‘dummy’ SCON is available where an employer genuinely can’t obtain the correct SCON. LA advised that this ‘dummy’ SCON should only be used in extreme circumstances and not as an automatic default.

A CIS consultation document is due out on 27 June and will close on 22 September.

<https://www.gov.uk/government/consultations/improving-the-operation-of-the-construction-industry-scheme-cis>

The next meeting will be on 17 September