

**EPG Meeting - 23 March 2018**  
**100 Parliament Street - Room 2/58**

Attendees	
Helen Hargreaves	CIPP co-chair
Richard Garth	HMRC co-chair
Jon Berry	HMRC
Justine Riccomini	Institute of Chartered Accountants Scotland
Colin Broad	British Computer Society
Helen Harvey	Small Payroll Bureau
Aleem Islam	Association of Accounting Technicians
Shawn Healey	Confederation of British Industry
Steve Wade	Institute of Chartered Accountants England & Wales
Michael Parker	National Farmers Union
Alison McCrave	Voluntary Action Sheffield
Karen Thomson	Armstrong Watson
Colin Ben-Nathan	Chartered Institute of Taxation
Tracey Crank	The Compliance Group
Alex Rowson	Business Application Software Developers Association
Glenn Collins	Association of Chartered and Certified Accountants
Alison Paling	Community Accounting Plus
Sarah Palmer	International Association of Bookkeepers
Stuart Farrow-Smith	Capita Group Tax
Richard George	Payroll Alliance
Simon Parsons	Large Payroll Bureau
Hayley Perkin	Association of Taxation Technicians
Craig Ogilvie	HMRC
Paul Davis	HMRC
Gavin McCann	HMRC
Travis Wood	HMT
Alex Raisen	HMRC
Christina Kalinina	HMRC
Sean Rath	HMRC
Caroline Meechan	HMRC
Jackie McCarthy	HMRC
Louise Tarp	HMRC
Lee Hawksworth	HMRC
Mary Croghan	HMRC

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Agenda Item	Main Points, Conclusions/Discussions, Decisions, Next Steps
1	<p><b>Welcome / Agree previous minutes</b></p> <p>Richard Garth welcomed everyone to the meeting and the previous minutes were agreed.</p>
2	<p><b>Making Tax Digital for Individuals</b></p> <p>Craig Ogilvie gave an update on Dynamic coding which since commencing July 2017 has generally had neutral or positive feedback. Less hardship calls are being received into HMRC and a HMRC responded to stakeholder feedback to implement a “pause” to new in year adjustments from 6<sup>th</sup> January, February and March preventing large one-off underpayments being coded. Codes are issued and applied in these months with underpayments recovered from the start of each new tax year. Recognition was given to stakeholder concern regarding early bonus that can inflate estimated pay in a small number of cases. Craig asked if EPG agreed with the neutral or relatively positive assessment (excluding early bonus concerns) and EPG agreed. Craig informed the group that a strategic solution for ESTPAY early bonus concerns not yet available however HMRC remained committed to improving how it is calculated and will consider further design work and keep EPG informed. EPG view on how it could be strategically resolved was mixed and EPG urged HMRC not to think a field on the RTI return would be the best fit as employers and payroll providers are not always clear when bonus are paid. Craig took the opportunity to remind the group that customers can update their PTA and take control in cases where early bonuses are paid. Craig encouraged employers to educate their employees of the online service to avoid issues in 2018.</p> <p>A point was raised how payrolling benefits could affect dynamic coding and such examples could be sent in for review.</p> <p>Craig covered two new potential improvements;</p> <ul style="list-style-type: none"> <li>• A trigger for identifying where an employer is operating a different code to the one HMRC holds on their records. Work is ongoing and EPG are working closely with HMRC through a smaller level working group. A further volunteer was agreed to cover smaller businesses to join the conversation.</li> <li>• The second is a small improvement to how estimated pay operates where there is a substantially different FPS. No delivery date as yet.</li> </ul> <p>Craig thanked EPG for their continuing support.</p>
3	<p><b>IR35 and Intermediaries</b></p> <p>Gavin McCann gave an overview of the off-payroll rules (often referred to as ‘IR35’), up to the Spring Statement Written Ministerial Statement that a consultation in the coming months on how to tackle non-compliance in the private sector. Enquiries were made about the government’s assessment that that non-compliance would cost £1.2bn a year by 2022-23 without action, including</p>

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	<p>whether these accounted for the VAT paid by PSCs outside of the off-payroll rules, and what the basis was for the estimates of how many personal service companies ought to be operating off-payroll rules. Gavin noted that the estimates of the cost of non-compliance was consistent with the costing of the off-payroll reforms in the public sector, which had been certified by the independent Office for Budget Responsibility. The estimates take account of any consequential impacts on other taxes, like VAT.</p> <p>It was suggested that a post implementation review of the public sector off-payroll reforms should be carried out before undertaking any reform in the private sector. Gavin noted that HMRC will be publishing analysis of the implementation of the public sector reform, including external research. The announced consultation on improving private sector compliance would draw on this analysis.</p> <p>Members suggested that minutes of the IR35 forum and agenda should be circulated to EPG. Officials administrating the Forum will revert.</p>
4	<p><b>Employment Status</b></p> <p>Gavin McCann and Travis Woodward provided a brief overview of the joint HMT/BEIS/HMRC Employment status consultation. The consultation covers status for both tax and rights. It looks at potential ways greater clarity and certainty on status could be provided to individuals and businesses, including codification of the rules, greater alignment between tax and rights, and refinement to the factors defining different statuses. The consultation closes on 1 June and input from EPG members – either via the roundtables being run, or in writing - would be warmly welcomed.</p> <p>Some EPG members felt that Group thought that distinction of employee or worker should be clearer as tax status could be different to employment status. Members also suggested that a specific roundtable could be held for EPG members. Gavin agreed this would be useful, and would look to set this up.</p>
5	<p><b>Trivial Benefits and Reimbursed Expenses</b></p> <p>Alex Raisen thanked the group for their comments so far. Discussion centred around sharing of benefits and scenarios of employer reimbursement, for example, birthday cakes, meals. Alex asked the group for comment on how to take this to legislation.</p>
6	<p><b>Consultation on taxation of self-funded work-related training</b></p> <p>Christina Kalinina and Sean Rath provided background and objectives of the consultation on tax treatment of self-funded work-related training which was launched at Spring Statement 2018. Views and suggestions were encouraged on how best to achieve its aims, including asking the group what they saw as main risks and any views of ensuring that the relief is targeted at supporting those in retraining and upskilling is also balanced by the need to ensure that the relief is cost-effective and sustainable. EPG members felt the £500 cap may not be enough to encourage training due to costs of some courses such as MBAs and AAT. Some members said that tax relief may not necessarily be the best way of delivering assistance (given non-taxpayers etc.) and that an alternative along the lines of Tax Free Childcare might be worth considering. The group questioned how this could be used by self-employed as this training may not relate to their current business</p>

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	<p>and therefore cannot be used as a tax break. The group asked if unused money from Apprenticeship Levy can be re-routed into this for employers to provide more training for their staff. The group talked about redundancy payments and how tax treatment of such payments for those individuals who choose to spend part of the money to re-train could be explored as part of the consultation. Members also raised the issue of changing intentions and how that may affect the timing of relief. Stakeholders generally thought that certainty in tax relief rules was important at the stage before individuals embark on a training course. The group thought that switching your employment status shouldn't matter for the purposes of this tax relief and that it was a good opportunity to design it in that flexible way.</p>
7	<p><b>National Minimum Wage</b></p> <p>Caroline Meechan explained how HMRC is encouraging upstream compliance with a range of measures for both employers and workers. For example, using emails, webinars, text messaging and a national comms campaign on the new rates, similar to last year's check your payslip campaign. Employers are being encouraged to carry out their own reviews where they pay on, or near, NMW/NLW rates to avoid investigation or a worker complaints and naming with penalties. Areas to watch for were type of work not incorrectly classing workers as salaried workers; working time, all time essentially when the shift starts and finishes; travel between appointments, travel between businesses e.g. to hotels in a group and training and travel to training. The group expressed that employers were not deliberately non-compliant but could fall foul of the rules accidentally and more explicit guidance is needed particularly around net pay deductions, annualised payments and term time workers. The group also commented that penalties for non-compliance are severe, which could cause employers to go out of business.</p>
8	<p><b>EPG Improvements</b></p> <p>Richard Garth thanked the group for their responses to the EPG survey. The group was pleased to agree the EPG engagement plan, which had been circulated prior to the meeting. Positives were seen with more technical discussions, early engagement of the group to help HMRC deliver new policy / process change, introduction of an online forum and visible links with sub-groups.</p>
9	<p><b>Tax Free Childcare</b></p> <p>Jackie McCarthy explained that childcare vouchers had been extended by six months to October 2018. Parents should not lose out even if employer doesn't want to extend the scheme. Employers can pay into individual TFC accounts but the ability to make a bulk employer payment into multiple TFC accounts is not a priority at present but could be a future enhancement.</p>
10	<p><b>AOB</b></p> <p>Richard Garth mentioned a request for volunteers to review how payrolling of Benefits in Kind is working, HMRC's social media campaign for EOY reporting and a request to remind employees of the High Income Child Benefit Charge if their income goes over £50,000. Members raised an issue with the PAYE Settlement Agreement legislation not agreeing with the P626 form and concerns about HMRC</p>

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	<p>delays with voluntary disclosures.</p> <p>The next meeting is on Monday 18<sup>th</sup> June</p>
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