



# Employer Bulletin

Your route to the latest in payroll news

June 2018 Issue 72

## Welcome

### Hello and welcome to June's edition of the Employer Bulletin

This edition has some useful information and reminders around filing P11D's and information on how to help your employees to get the best out of their personal tax account. There are also articles on the Apprenticeship Levy and changes to the childcare schemes.

Also this month we are supporting the Mental Health and Wellbeing initiative, explaining what it means and giving some you some ideas for your workplace.

We will continue to use the Employer Bulletin to tell you about new products and changes which may affect you and to give you access to further information if you need it. With that in mind I'd also like to encourage you to sign up to receive an email alert from us each time a new edition of the Employer Bulletin is published. The email alert system is no longer tied to a PAYE reference number meaning that it's no longer just employers who can sign up and there are no restrictions on the number of individuals per company who can receive the alert.

So make sure you don't miss any future updates by signing up to receive one of our [new email alerts](#). You can also follow us on twitter [@HMRCBusiness](#) and [@hmrcgov.uk](#)

Another useful source of information is the Agent Update, the next edition of [Agent Update](#) will be available soon and provides guidance for tax agents and advisors.

And finally our aim is to be able to deliver clear, consistent and timely information which is appropriate for employers and helps you to meet your payroll obligations to HMRC. So, if you have any comments or suggestions about any of the content of the Employer Bulletin or would like to see a specific topic covered, please drop me a line at [tori.havers@hmrc.gsi.gov.uk](mailto:tori.havers@hmrc.gsi.gov.uk) Your feedback is always most welcome.

Tori Havers  
Editor

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# P11D and P11D(b) Filing and Payment Deadlines

Don't forget that you need to tell us about any Class 1A National Insurance contributions (NICs) that you owe for the tax year ending 5 April 2018 by **6 July 2018** at the latest. You also need to send us any P11D forms due by **6 July**, failure to do so may result in a penalty. Any Class 1A National Insurance you owe must reach us by **22 July (19 July if you pay by cheque)**. The [April edition of the Employer Bulletin](#) contained detailed information on how to do this.

Please remember it's important that you complete your P11D correctly the first time. If you make a mistake, it's time-consuming to correct it and your employees will pay the wrong tax in the meantime.

There are a number of live and pre-recorded [webinars](#) being run throughout June covering expenses and benefits, and filing forms P11D and P11D(b). [Full guidance](#) is also available.

## What do I need to file?

If you paid any benefits and/or non-exempt expenses, you need to file a P11D(b). Include the total benefits liable to Class 1A NICs, even if you taxed some or all of them through your employees' pay.

You need to send a P11D for each employee in receipt of benefits and/or non-exempt expenses, unless you [registered with us online](#) before 6 April 2017 to tax them through the payroll. If you didn't register online but then went on to tax some or all benefits through your payroll, you still have to send a P11D form. Mark clearly on each one which benefits have been taxed through the payroll already.

If you haven't already [registered online to payroll your company benefits](#), you may wish to do so now ahead of the 2019-2020 tax year. It'll mean you no longer need to send P11Ds, as long as you can payroll all your benefits. Please note that if you are taxing benefits through the payroll and haven't registered online to do so, you need our agreement each year to continue using this method. We normally only agree that you can do this in exceptional circumstances.

## I didn't pay any expenses or benefits. Do I need to tell you if I don't need to file a P11D/P11D(b)?

You only need to tell us that you don't need to make a return if we sent you a paper P11D(b), an electronic notice to file a P11D(b) or a reminder letter. You can tell us [here](#).

## How can I be sure I've filled in everything correctly?

There are free, [online toolkits](#) which you can use to help avoid mistakes. Some common ones to watch out for are;

- Please don't put '6 April 2017' in the start date and/or '5 April 2018' in the end date for your company cars, unless they are genuinely the dates your employee received or returned a company car. If your employee already had the car before the start of the tax year, leave the 'from' box blank; if they kept the car into the new tax year, leave the 'to' box blank
- Remember to sign the form P11D(b) if you're sending a paper one
- Only send one P11D(b) for each scheme, showing the total amount due; don't send a separate one for employees and directors, for example. We treat each separate P11D(b) as an amendment to any we've received previously
- Check P11D(b) to see if you need to use the 'adjustments' at Part 4 before you complete Part 1 box C. If you do need to make an adjustment, you need to leave Part 1 box C blank
- Check P11D if you've given someone a beneficial loan, double-check that you've completed all parts of Section H.

## Where do I send paper P11D and P11D(b)?

Paper forms must be sent to:

P11D Support Team BP1102  
HM Revenue and Customs  
Department 1250  
Newcastle  
NE98 1ZZ.

# Benefits in Kind with Cash Allowances, Flexible Benefit Packages and Salary Sacrifice

Do you offer your employees [cash allowances, flexible benefit packages with a cash option or salary sacrifice](#) in return for a Benefit in Kind (BiK)?

In [April's Employer Bulletin](#) we reminded you that the new rules for these types of BiKs changed on 6 April 2017.

Arrangements entered into on or before 5 April 2017 kept their previous tax treatment until the earlier of a renewal or variation of the arrangement. **All pre-6 April 2017 BiKs moved into the new rules on 6 April 2018.**

However, pre-6 April 2017 cars and accommodation move into the new rules on the earlier of renewal or variation or April 2021. Pre-6 April 2017 school fees have special rules, but all move into the new rules from April 2021.

## P11Ds for 2017-18

You may have an employee who is in the traditional rules and then moves into the new rules mid-year. If so, then you can report it either as two separate BiKs or a combined figure.

## P11Ds and cars

When completing the P11Ds you need to correctly complete all of the fields for cars. If you don't do this:

1. you will pay the wrong amount of National Insurance Contributions,
2. your employees will pay the wrong tax, and
3. you will need to send us an amended P11D in each case.

Common mistakes include putting in the wrong CO<sub>2</sub> emissions, not including accessories and incorrectly recording capital contributions and private use payments. A capital contribution is a one-off payment towards buying the car, and private use payments are monthly or yearly payments for the use of the car. Both must be made out of net pay.

# Important information about childcare voucher and directly-contracted childcare schemes

On 13 March the Government announced that the employer supported childcare schemes, namely childcare vouchers and directly-contracted childcare would remain open to new entrants for an additional 6 months, until 4 October 2018.

We recognise that this decision may have created some practical difficulties for some employers. As an employer, you can continue to allow your employees to join your childcare voucher or directly-contracted childcare schemes up until 4 October 2018 (as long as they have joined a scheme and received their first voucher by that date). This means that you and your employees can keep taking advantage of the income tax and National Insurance reliefs.

However, we understand that some employers may have closed their scheme to new entrants on 5 April 2018, (the date originally stated), and it may be challenging to re-open it for the 6 month extension.

Where employers have already closed their schemes, we will use our collection and management powers to allow the tax and National Insurance contribution advantages to continue for employees who were members of the scheme before 5th April 2018, even where employers choose not to re-open their schemes.

This is because any scheme that has tax and National Insurance contribution advantages, must be open to all employees.

## High Income Child Benefit Charge

If any of your employees has an income of over £50,000 and claim Child Benefit or have a partner who claims, they may have to pay the High Income Child Benefit Charge.

Please remind your employees to check their annual income to calculate whether they are liable to pay High Income Child Benefit Charge. Details of their income can be found on their personal tax account and/or P60.

More information on the High Income Child Benefit Charge is available [here](#).

## National Living and Minimum Wage increases

On 1 April 2018 the legal National Living Wage increased by 4.4%, from £7.50 to £7.83.

From 1 April, those aged:

- **25 and over** are entitled to at least **£7.83** per hour (previously £7.50 per hour)
- **21 to 24** are entitled to at least **£7.38** per hour (previously £7.05 per hour)
- **18 to 20** are entitled to at least **£5.90** per hour (previously £5.60 per hour)
- **Under 18** are entitled to at least **£4.20** per hour (previously £4.05 per hour)
- Apprentices are entitled to the **Apprentice** rate of **£3.70** per hour (previously £3.50 per hour) if they are:
  - Aged under 19
  - Aged 19 or over and in the first year of their apprenticeship.

Apprentices aged 19 or over who have completed the first year of apprenticeship are also entitled to the age-related minimum wage:

- **19 to 20** year olds are entitled to at least **£5.90** per hour
- **21 to 24** year olds are entitled to at least **£7.38** per hour
- **25 year old and over** are entitled to at least **£7.83** per hour.

More than two million people were entitled to an above inflation pay rise from 1 April 2018 when these new rates came into force.

## Student Loans

### Student loan start notice (SL1) – employee below the threshold

If you receive an SL1 for an employee who is below the student loan plan type threshold then you:

- should update your payroll software to note the employee as a student loan borrower. This will ensure that deductions will be taken if, at any future point, the threshold is exceeded
- do not need to inform or return the SL1 notice to HMRC.

### Student loan start notice (SL1) – employee has left your employment

If you:

- receive an SL1 for an employee who has left your employment then you do not need to inform HMRC or return the SL1 notice
- continue to receive student loan notifications from HMRC for this employee then you should let us know.

### Student loan start notice (SL1) – deductions have already started

If you receive an SL1 for an employee who is already having deductions taken then you should:

- check the student loan plan type to ensure there has been no changes
- update your payroll software, if there has been a change to the plan type
- file the SL1 away.

You do not need to inform HMRC or return the SL1.

## GCSE Qualifications have changed

From August 2017, GCSE qualifications will be awarded with number grades rather than letters. The new grading scale runs from 9 to 1 instead of A\* to G, with 9 the highest grade.

### What you need to know about the latest GCSE reforms

The Department for Education is running a campaign to boost awareness of reforms to GCSE qualifications ahead of GCSE results day, 23 August and to support you when recruiting staff.

The [campaign page](#) contains [factsheets](#) for employers as well as further and higher education institutions, and parents. They provide explanations of the new grading system and other useful information about the reforms.

More information to the changes can be found [here](#).

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## Updating Basic PAYE Tools

When Basic PAYE Tools (BPT) is first installed, the automatic update setting defaults to 'Yes' and we recommend that this setting is not altered.

When a new version of BPT is released, users will see a message to alert them that a new version is available. Within settings the 'Check now' button can also be used to check if a later version is available.

You are advised to always download and install the latest version of BPT. In the event of difficulties when downloading or installing BPT, help is available on GOV.UK or from the Online Services Helpdesk on 0300 200 3600.

## Welsh Rates of Income Tax

### Tax is changing in Wales

From 6 April 2019, if you live in Wales, some of your Income Tax will be paid to the Welsh Government. This is a change from the current system, where all Income Tax from Wales is paid to the UK Government to fund spending across the UK.

From April 2019 the Welsh Government will set the rate of income tax for Welsh resident taxpayers but this will continue to be collected by HMRC. This means that people living in Wales could pay a different rate of Income Tax compared to people in other parts of the UK.

From April 2019, Welsh resident taxpayers employed or in receipt of a pension will have a tax code beginning with C. Those completing a Self Assessment tax return online will be asked about country of residence on their return.

More information on these changes can be found [here](#).

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## Public Consultation: Off-payroll working in the private sector

In April 2017, the government reformed the off-payroll working (often known as IR35 or the Intermediaries Legislation), rules for engagements in the public sector.

At Autumn Budget 2017 the government announced it would consult on how to tackle non-compliance with the off-payroll working rules in the private sector.

The consultation provides an early evaluation of the public sector reform, which shows that public sector compliance is increasing as a result. It also invites responses on how best to tackle non-compliance in the private sector. The consultation will run from 18 May 2018 to 10 August 2018 and can be accessed [here](#).

We are keen to understand the issues that are most important to you so we can factor these into the discussions. If you would like to respond to the consultation, please email us at [offpayrollworking.inthepriatesectorconsultation@hmrc.gsi.gov.uk](mailto:offpayrollworking.inthepriatesectorconsultation@hmrc.gsi.gov.uk)

If you would like to attend a round table event, please email us on [offpayroll.roundtablerequest@hmrc.gsi.gov.uk](mailto:offpayroll.roundtablerequest@hmrc.gsi.gov.uk)

# Construction Industry Scheme - helpful reminders for subcontractors

In our [April 2018 edition of the Employer Bulletin](#), we included some helpful reminders for contractors operating in the Construction Industry Scheme (CIS).

In addition to our guidance [what you must do as a CIS subcontractor](#), we have also prepared some further hints and tips for employers who also operate as a subcontractor.

## Payment and Deduction Statements

When you receive payment from a contractor and a deduction is made, the contractor must provide you with a [Payment and Deduction Statement](#) (PDS).

Contractors need to provide you with the PDS within 14 days of the end of the tax month, so no later than the 19th of the month following the month of payment. These statements can be provided each time you are paid, if payments are made more frequently. The PDS can be in electronic format, providing both you and the contractor agree to this, and you are able to store and print it. A contractor is not obliged to provide a PDS if you have been paid gross, but many do as it is good practise.

It is important that you keep these statements as you will need them to help you to complete your tax returns. HMRC can charge a penalty if you don't keep adequate records so if you lose a PDS or it is mislaid you will need to ask the contractor for a copy which should then be marked 'duplicate'.

## Gross Payment Status

To avoid having to claim a repayment for overpaid CIS deductions, you can apply for [gross payment status](#), providing your business passes the qualifying tests. This means contractors will pay you without making any deductions, and you will pay any tax and National Insurance due after the end of the tax year, when you send in your Self-Assessment tax return if you're a sole trader or partner, or your Corporation Tax return, if you are a Limited Company.

You can request gross payment status when you [register for CIS](#). Or, if you have already registered for CIS, you can apply for gross payment status online, as follows:

1. Log in with your Government Gateway ID
2. From 'Your tax account', go to 'Other services'
3. Choose 'Construction Industry Scheme – Subcontractors'.

## Employer Payment Summary (EPS)

If you're a limited company subcontractor, and don't have gross payment status you should off-set any CIS deductions taken from your income as a subcontractor against your monthly or quarterly payments to HMRC.

To do this, enter the total amount of CIS deductions taken from your company's income during the month on your EPS, which is due by the 19th of the month. Your payment and deduction statements will help you to ensure the information submitted is accurate, but if you do make a mistake you need to send a further EPS with the correct year-to-date figures.

You should then reduce your monthly or quarterly payments to HMRC by the amount of the deductions, so you won't have to claim a CIS repayment after the end of the year. Make sure you keep a record of amounts set-off, using the [CIS132](#) or a similar record.

## CIS for subcontractors – Friday 29 June at 13.00

If you operate as a subcontractor, you can [register to join](#) a live broadcast of the CIS for subcontractors' webinar, to learn about registering including gross payment status, deduction rates, and repayment claims.

## CIS for contractors – Monday 25 June at 14.00

For further support and advice about working as a contractor, please [register online](#) to join a live broadcast of the CIS for contractors' webinar in June 2018. You can learn more about how the scheme works, including CIS Returns, verifications and deductions, and receive answers to your questions during the live broadcast.

You can also sign up for future webinars and emails about CIS, and watch recorded versions of both the CIS for subcontractors and CIS for contractors webinars online at [Webinars and emails on the Construction Industry Scheme](#).

## National Insurance Numbers on Biometric Residence Permits

From August more people applying for a Biometric Residence Permit (BRP) will receive their National Insurance (NI) number through the same process.

Some individuals who have BRPs may not have NIC liability if they work in the UK, having a NI number does not change that.

You must remember that for individuals who are seconded to work in the UK you must complete the appropriate boxes on your first RTI submission.

Further details can be found [here](#).

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## Steer clear of tax avoidance

Strengthened measures in the Finance Act mean anybody using tax avoidance arrangements, who send tax returns or other documents to HMRC, need to be extra cautious as they will be required to demonstrate they took reasonable care when completing their tax return in order to avoid a financial penalty.

HMRC advises anyone thinking of using such schemes to seek appropriate, independent and professional advice before entering into these financial arrangements. You should also check the qualifications of the person you're taking advice from and ensure the advice received is specific to your individual circumstances.

Those who fail to take reasonable care completing their tax returns will face a penalty of up to 30% of the tax they tried to avoid, plus interest, on top of having to pay back the tax owed.

This means that tax avoidance users will end up paying back a lot more money than they originally tried to save. HMRC defeats the vast majority of tax avoidance schemes in court.

Find out more by reading [Reasonable Care information on GOV.UK](#).

## First Soft Drinks Industry Levy return due in July

If you are a packager of drinks that are liable for the [Soft Drinks Industry Levy \(SDIL\)](#), or you need to report [drinks that have been brought into the UK](#), you need to send a return to HMRC every quarter, and pay any levy due.

The returns will be for fixed reporting periods ending June, September, December and March. You must submit the returns and pay any levy due within 30 days of the end of each reporting period.

If you're registered for the levy and have nothing to report for a period, you should submit a nil return, unless you're only registered as a [small producer](#).

### How to submit a return

You need to be [registered for the levy](#) before you can submit a return.

If you are a producer, importer or packager of soft drinks and you have not yet registered for the levy, go to [GOV.UK](#) to check if you are liable and register. If you are liable and you fail to register, it is a criminal offence. You may be prosecuted or charged penalties if you don't submit a return and pay any levies due at the right time.

Returns can only be submitted once the accounting period you're reporting on is over.

You must submit returns through an online service, which will be available from July 2018. If you don't file your return on time, HMRC can charge you an estimate of what you owe.

You must pay the levy through the online service by either Bacs (Bankers Automated Clearing System) or CHAPS (Clearing House Automated Payment System). You'll be able to do this from July 2018.

**More information about what to include on the return and how to pay the levy is available [here](#).**

# Repayments by Bacs straight to your Bank Account

If you are claiming a repayment, make sure you include your bank details in your Employer Payment Summary (EPS) so that we can make a Bacs payment directly into your bank account rather than having to send you a payable order in the post. If your software does not include the account information section on the EPS please visit our [guidance pages](#) for alternative contact details.

## Thriving at Work: Investing in Mental Health

### 1. Return on investment

- Thriving at Work, an independent review of mental health and employers found that the potential cost of mental ill health to you as an employer could be as high as £1,400 for each employee per year
- Investing £1 in the wellbeing of your staff can result in a £10 saving in return to tackle the cost of mental ill health to your organisation.

### 2. What employers can do

All employers, regardless of size or industry, should adopt the six simple mental health core standards below. These have little or no cost and encourage an open, more transparent organisational culture allowing you to monitor wellbeing, and provide all employees with the right conditions to thrive at work. These are:

- Have a mental health at work plan, and communicate this with your employees
- Raise mental health awareness among your employees
- Encourage open conversations about mental health and the support available when your employees are struggling

- Provide your employees with good working conditions, promote a healthy work life balance and opportunities for development
- Promote effective people management through line managers and supervisors
- Routinely monitor your employees' mental health and wellbeing.

### 3. How tax can help

There are a number of tax reliefs available to encourage and support your investment to help create the best conditions for your staff to thrive, many programmes, screenings and treatments are completely tax free:

- **Counselling and Employee Assistance Programmes (EAPS)** – including welfare issues, bereavement, ill health, stress, problems at work, sexual abuse, personal relationships and advice on debt problems
  - Counselling and EAPs must be available to all employees, and cannot offer tax, legal, financial, leisure or recreational advice, or medical treatment.
- **Mental Health First Aid** training which can help many employees across the course of a year
- **Health screening**, including mental health screening
- **Medical treatment for work related injuries**, including mental ill health
- **Medical treatment to get employees back to work.**

Here are some useful links to guidance and more information about Expenses and Benefits for;

[Counselling for employees](#)

[Training-payments – what is exempt?](#)

[Medical treatment – what is exempt?](#)



## Fitness at Work

Did you know poor fitness can cost employers around £522 every year for each employee?

To help employers cut these costs and take advantage of the significant tax savings, go to the guidance and information below:

[Fitness-at-work](#)

[Sporting and recreational facilities – what is exempt?](#)

[Payrolling benefits and expenses through your payroll](#)

[Reporting and paying Expenses and Benefits](#)

If you use salary sacrifice arrangements with the above, they are all taxable. More information can be found [here](#).

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## Reduce your payroll queries by helping your employees to self-serve

Online Personal Tax Accounts (PTA) have been available for all PAYE employees since December 2015; 15 million people are already using theirs.

The accounts are a secure and simple way for your employees to manage their tax affairs online. Many of the queries they bring to your payroll and HR teams could be answered in their PTA. Why not encourage your employees to self-serve online by activating their PTA?

### What can it do?

HMRC can only work from the information that it has, so if your employees have a change in their financial circumstances or address please encourage them to let us know through their PTA.

Customers can also:

- Print proof of their National Insurance number (handy for new employees completing new starter checklists)
- View and print a copy of the pay and tax details for the last 4 tax years, which may be required for mortgage or loan applications or tax credit applications
- Claim tax relief on business expenses, whether that's for cleaning their uniform or replacing their tools
- Update the information we hold on the benefits they receive, such as company car or medical cover
- Check their state pension situation – explore when they can start to receive it and how much they are likely to get
- Claim a tax repayment; if a customer has received a letter from HMRC advising that they've paid too much tax over the course of the year they can claim their rebate online. The full refund will be paid in to their bank account within five working days
- For tax credits, check their payments, make changes to their circumstances and complete their renewals.

### How can you learn more?

The Personal Tax Account is intuitive and straightforward to set up. To get started please direct your employees to [www.gov.uk/personal-tax-account](http://www.gov.uk/personal-tax-account)

To learn more about the full range of products and services on offer in your account please explore our [Guide to your Personal Tax Account](#).

# The Apprenticeship Levy

Since 6 April 2017, employers with a pay bill over £3 million each year have been liable to pay [the apprenticeship levy](#) to HMRC through the PAYE process.

Levy-paying employers can then create an account on the apprenticeship service in order to spend levy funds on apprenticeships, manage their apprentices and manage payments to training providers. If you're a levy-paying employer, make sure you have [registered for an account](#) and are making the most of your levy funds.

## Transferring apprenticeship service funds to another employer

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

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

For more information, see [Transferring apprenticeship service funds](#) and [read this blog on preparing for transfers](#).

## Future developments for the apprenticeship service

To understand more about the apprenticeship service and how it is being continually improved and developed, based on feedback from employers and training providers, check out the latest blog posts on our [vision for the service](#) and our [current delivery roadmap of planned improvements](#).

To keep up to date with all the latest information follow [@ESFAdigital on Twitter](#) and [sign up to blog post alerts](#).

If you have any queries about the apprenticeship service, please call the National Contact Centre helpline on 08000 150 600 or email [helpdesk@manage-apprenticeships.service.gov.uk](mailto:helpdesk@manage-apprenticeships.service.gov.uk)

# Requirement to Correct

New legislation has been introduced requiring UK taxpayers (including non UK resident trustees and non-resident landlords) who have undeclared UK tax liabilities on foreign income and assets to declare this to HMRC before 30 September 2018. The new legislation is called Requirement to Correct (Section 67 and Schedule 18 of the Finance (No.2) Act 2017 and relates to liabilities to Income Tax, Capital Gains Tax and Inheritance Tax involving offshore matters or transfers.

You may want to draw your employees' attention to this new legislation as substantially higher penalties of between 100-200% of the tax owed will be applied to those who fail to disclose any tax due on foreign income following 30 September 2018. If your employees need further information please direct them [here](#).