

**EPG Meeting – 18 June 2018**  
**100 Parliament Street - Room 2/39**

Attendees	
Helen Hargreaves	CIPP co-chair
Richard Garth	HMRC co-chair
Neil Chattell	HMRC
John Berry	HMRC
Nahid Khan	HMRC Secretariat
Justine Riccomini	Institute of Chartered Accountants Scotland
Colin Broad	British Computer Society
Helen Harvey	Small Payroll Bureau
Steve Wade	Institute of Chartered Accountants England & Wales
Sarah Eason	Hydrock
Karen Thomson	Armstrong Watson
Colin Ben-Nathan	Chartered Institute of Taxation
Tracey Crank	Black Mountain Services UK Ltd
Sarah Palmer	International Association of Bookkeepers
Simon Ross	CBI
Richard George	Payroll Alliance
Simon Parsons	Large Payroll Bureau
Hayley Perkin	Association of Taxation Technicians
Louise Tarp	HMRC
Samantha Hurley	APS Co (Observer)
Paul Stansfield	HMRC
Catherine Dampier	HMRC
Paula Jarnecki	HMRC
Travis Wood	HMT
Dominic Humphrey	HMRC

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>Welsh Rate of Income Tax (WRIT)</b></p> <p>Paul Stansfield and Catherine Dampier attended to promote and raise awareness of the WRIT. When setting up WRIT lessons learnt were taken on board from the introduction of the Scottish Rate of Income (SRIT). As with SRIT it will be based on</p>

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	<p>residency, not where taxpayers works, and tax codes will have a 'C' prefix applied to indicate Welsh taxpayers. So from April 2019, the UK government will reduce each of the three rates of income tax - basic, higher and additional rate - paid by Welsh taxpayers by 10p. The Welsh Government will then decide the three Welsh rates of income tax, which will be added to the reduced UK rates. The combination of reduced UK rates plus the Welsh rates will determine the overall rate of income tax paid by Welsh taxpayers.</p> <p>If the National Assembly for Wales approves each of the Welsh rates of income tax at 10p, this will mean the rates of income tax paid by Welsh taxpayers will continue to be the same as that paid by English and Northern Irish taxpayers. A more general discussion also took place around borders, when address changed in the year.</p> <p>The first message will be published in the HMRC Employer Bulletin and further updates will continue until WRIT goes live. More information can be found here <a href="#">Employer Bulletin: June 2018 - GOV.UK</a></p> <p>A technical consultation is currently in progress and the WRIT comms team will attend again update the group.</p>
3	<p><b>IR35</b></p> <p>Paula Jarnecki attended on behalf of Damian Lazenby and gave some background on the wider context and ministerial priorities. Publication of HMRC-HMT-BEIS consultation on employment status covering both tax and employment rights closes on 10 August 2018.</p> <p>The consultation will cover public sector impacts, needs of businesses and individuals, and is open to alternative evidence-based options</p> <p>The fundamental principles of the off-payroll working rules – that the employment status test determines who should be taxed as employees – are not being considered as part of this consultation. Key findings and concerns; the aim of the research was to obtain early analysis of how the reform was landing, the issues employers were encountering and any early indications of change in patterns of working.</p> <p>The research, conducted by IFF, consisted of a quantitative survey of public sector employers in the key sectors of Public Administration &amp; Defence, Education and Health &amp; Social Work.</p> <p>Samantha Hurley, co-chair of the IR35 forum, gave EPG members an update of the discussions at that forum.</p> <p>The challenges with off-payroll working compliance are that it is:</p> <ul style="list-style-type: none"> <li>• Time consuming, not cost effective, results in duplication of effort and multiple contacts with client where there are several individuals working in the same way</li> <li>• Long time lags between when engagement takes place and when enquiry is taken up makes it much harder to collect relevant information about how the engagement worked in practice – people may have moved on and records may no longer be available.</li> <li>• Different parties can have responsibility for how work is carried out, how work is supplied and for ensuring correct tax is paid.</li> <li>• Once tax liability is established PSC often doesn't have means to pay liability for various reasons. We have seen companies being wound up to avoid the company's tax liability, and reopening.</li> </ul> <p>HMRC are considering a number of options:</p>

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	<ul style="list-style-type: none"> <li>• Extending public sector reform to the private sector</li> <li>• Encouraging or requiring businesses to secure their labour supply chains.</li> <li>• Additional Record Keeping.</li> </ul> <p>The Consultation also asks for other options or issues that have not already been covered and are interested in other practical solutions that haven't been discussed in the consultation.</p> <p><b>Some useful links:</b>  <a href="https://www.gov.uk/government/consultations/off-payroll-working-in-the-private-sector">Link to off-payroll consultation</a>  <a href="https://www.gov.uk/government/consultations/off-payroll-working-in-the-private-sector">https://www.gov.uk/government/consultations/off-payroll-working-in-the-private-sector</a>  <a href="https://www.gov.uk/government/publications/off-payroll-reform-in-the-public-sector">Link to external research</a>  <a href="https://www.gov.uk/government/publications/off-payroll-reform-in-the-public-sector">https://www.gov.uk/government/publications/off-payroll-reform-in-the-public-sector</a>  <a href="#">Spring Statement</a> and <a href="#">Written Ministerial Statement (WMS) 2018</a>  <a href="https://www.gov.uk/guidance/off-payroll-working-in-the-public-sector-reform-of-intermediaries-legislation">Links to guidance on off-payroll reform</a>  <a href="https://www.gov.uk/guidance/off-payroll-working-in-the-public-sector-reform-of-intermediaries-legislation">https://www.gov.uk/guidance/off-payroll-working-in-the-public-sector-reform-of-intermediaries-legislation</a>  <a href="https://www.gov.uk/guidance/ir35-what-to-do-if-it-applies">https://www.gov.uk/guidance/ir35-what-to-do-if-it-applies</a></p>
4	<p><b>Mental Health at Work</b></p> <p>Dominic Humphrey gave some background of the review on mental health in the workplace. The Prime Minister announced on 9 January 2017 that she wanted an independent review into how employers can better support all individuals currently in employment including those with mental ill health or poor well-being to remain in and thrive at work. The study led to conclude that underneath the stigma that surrounds mental health and prevents open discussion on the subject; the UK faces a significant mental health challenge at work.</p> <p>While there are more people at work with mental health conditions than ever before, 300,000 people with long term mental health problems lose their jobs each year. The Government has set out a series of areas where it can use its influence and make it simple for employers through support and online information platform and joining up existing provision aimed at employers and employees. More information is available in the most recent edition of The Employer Bulletin <a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/715475/Employer_Bulletin_June_2018.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/715475/Employer Bulletin June 2018.pdf</a></p> <p>As well as the Stephenson /Farmer Review 'Thriving at Work' which may be of interest.</p>
5	<p><b>Software Developers Consultation Update</b></p> <p>Presentation from Louise Tarpy providing an overview of how software collaboration is evolving to build long-term, collaborative partnerships with the software industry and other third parties interested in using HMRC's data to improve customer experiences. '</p>
6	<p><b>Employers Online Forum</b></p> <p>John Berry gave an update on the progress of the Employers Online Forum showing members how to register with a live demonstration, including screen shots to demonstrate what forum users can expect to see. Members made suggestions for additional forum categories to be considered such as NMW,</p>

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	Employer Reporting and Expenses and Benefits.
7	<p><b>Making Tax Digital for Individuals (MTDi)</b>  Craig Ogilvie sent his apologies. Richard Garth gave the update and advised the group that MTDi had now closed as a major programme. The remaining Simple Assessment and Dynamic Coding scope would still be delivered by Craig Ogilvie and he would continue to oversee the engagement on this. He will also provide future updates on Bank and Building Society Interest (BBSI).</p> <p><b>Simple Assessment:</b> HMRC will continue to use Simple Assessment for uncodable underpayments and state pension over personal allowance as only form of income. Simple Assessments will be issued from June onwards. As per prioritisation announcement, we will halt further simple assessment rollout beyond the current scope but Craig will still provide updates over coming months as appropriate.</p> <p><b>Dynamic Coding:</b> As discussed at previous meetings HMRC introduced improvements in July 2017 and these are now fully business as usual in the way PAYE operates. HMRC still hope to add a number of additional improvements to its systems in 2018, which will substantially complete this work. The intention is to look at any further improvements, beyond the ones already being working on, in the next Spending Review period.  The main improvement involves a check and update if employer is operating a different code, we have worked with employers and our technical teams continue to refine the rules. We really appreciate the feedback that members have given. EPG and TDSF will be informed if we are going to go live with this trigger so we will keep you informed.</p>
8	<p><b>AOB</b></p> <p>NC provided an update on HMRC's three main areas of activity of the EU Exit.</p> <ul style="list-style-type: none"> <li>• Preparation for EU Exit negotiations (the withdrawal agreement and future relationship)</li> <li>• Preparation for Post EU exit e.g legislative framework,</li> <li>• International agreements; and signposted key publications / consultations</li> </ul> <p>NC provided an outline of HMRCs stakeholder engagement and requested details of the issues and concerns from the group</p> <p>NC provided details of some activity HMRC were looking at to test how employer signposting / support impacted digital take up. HMRC were looking for a small number of employers to work with on developing this trials and would write out for volunteers following the meeting.</p> <p><b>Date of next meeting : 21<sup>st</sup> September 2018 – 10 South Colonnade, Room 1.16 Canary Wharf, London E14 4PU</b></p>