HM Revenue & Customs

Agent Update

Agents and HMRC working together April - May 2019 - Issue 71

Keeping you informed

Introduction

Welcome to Agent Update 71. This month we continue to bring you updates on EU Exit in our newly introduced EU Exit section.

The Working Together section includes news from the Issues Overview Group, and recent issues raised on the HMRC Agent Forum.

The Service section carries information on off payroll working rules, digital research and development credits and details on help to make payments to HMRC easier.

If you would like an email reminder when each edition of Agent Update is published, please sign up to receive email reminders of future issues of Agent Update.

We encourage you to continue sending your thoughts and views to the Agent Update mailbox.

If you have any comments about Agent Update please email mailbox.digitalsupport@hmrc.gsi.gov.uk.

EU Exit

Changes for UK self-employed workers working in the EU, European Economic Area (EEA) or Switzerland in a no deal situation.

Tax

Developments and changes to legislation and allowances relating to UK tax.

HMRC service

Details of live consultations and links to responses, changes to HMRC service and guidance.

Working Together

Latest updates from the partnership between HMRC and the main agent representative bodies.

This month's top articles

Apprenticeship levy funds transfer limit to increase in April 2019

From April, the amount of funds that levy-paying employers can transfer to other employers to support apprenticeships will increase from 10% to 25%.

Extension of Non-resident Capital Gains Tax on UK property or land

Your clients need to complete a Non-resident CGT return when they sell or dispose of UK property or land.

P11D and P11D(b) for the tax year 2018 to 2019

Helping you to get it right first time.

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EU Exit

Changes for UK self-employed workers working in the EU, European Economic Area (EEA) or Switzerland in a no deal situation

In the event the UK leaves the EU without a deal, there may be changes for UK self-employed workers working in the EU, EEA or Switzerland.

Currently the EU Social Security Coordination Regulations ensure workers only need to pay social security contributions (such as National Insurance contributions in the UK) in one country at a time. However if we leave without a deal, the coordination between the UK and the EU may end.

This will mean you may need to make social security contributions in both the UK and the EU, the EEA or Switzerland at the same time.

You need to do the following to prepare:

- If you are currently working in the EU, the EEA or Switzerland and have a UK-issued A1/E101 form, you will continue to pay UK National Insurance contributions for the duration of the time shown on the form
- If the end date on the form goes beyond the day the UK leaves the EU, you will need to contact the relevant EU/EEA or Swiss authority to confirm whether or not you need to start paying social security contributions in that country from that date. The European Commission's website will help you find the relevant country's authority
- If you are a UK or Irish national working in Ireland your position will not change after the UK leaves the EU, you will be covered under the international agreement signed by the UK and Ireland in February 2019 and you will not need to take any action
- A replacement for the A1/E101 form will be issued for new applications after the UK leaves the EU. This ensures you will continue to make UK National Insurance contributions to maintain your social security record. You can still use the same form on GOV.UK to make an application after the UK has left the EU.

The UK Government is working to protect UK nationals in the EU in a 'no deal' scenario by reaching reciprocal arrangements with the EU or Member States to maintain existing social security coordination for a transitional period until 31 December 2020. Individuals in scope of these arrangements will only pay social security contributions in one country at a time.

For more information about sending workers to the EU in a no deal situation please go to the new information on GOV.UK.

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Refreshed Offshore Tax Compliance Strategy

No Safe Havens 2019 brings together HMRC's approach towards offshore tax compliance. It covers a range of behaviours, from simple mistakes to avoidance and evasion.

The strategy sets out how HMRC will ensure offshore tax compliance and tailor our approach, helping customers get it right first time, where possible. Where HMRC intervene, we will use an approach that is appropriate and proportionate to the tax at risk and the customer's behaviour.

HMRC also leads international work to ensure those rules are appropriate and do not lead to unfair outcomes. This includes countering aggressive tax planning by large multinational companies through the Base Erosion and Profit Shifting work carried out multilaterally with the Organisation for Economic Co-operation and Development (OECD).

More information on HMRC's strategy for offshore tax compliance can be found on GOV.UK.

HMRC's corporate criminal offences for failing to prevent tax facilitation - what they are and what to do

Since 30 September 2017, companies and partnerships can be criminally liable if they fail to prevent their representatives from criminally facilitating tax evasion.

The 'corporate criminal offences' are found in Part 3 of the Criminal Finances Act 2017. The government has published details of these offences, including what organisations can do to build their internal procedures in light of the offences on GOV.UK.

HMRC has launched a new dedicated self-reporting route for organisations that have failed to prevent the facilitation of tax evasion. Find out how to self-report, and why it may be in an organisation's interest on the self-reporting webpage on GOV.UK.

Annual Tax on Enveloped Dwellings (ATED)

If your client owns a property within ATED on 1 April 2019, a return must be submitted by 30 April 2019 to avoid incurring a late filing penalty.

Go to the Annual Tax on Enveloped Dwellings guidance on GOV.UK for information on ATED chargeable amounts and how and when to submit an ATED return.

Tax-Free Childcare - quarterly reconfirmation process

Tax-Free Childcare is a government scheme that helps working parents, including the self-employed and company employees, with their childcare costs.

If eligible, your clients or their employees could get up to £2,000 per child, per year to spend on qualifying childcare.

To continue to get Tax-Free Childcare, parents must check and reconfirm their details with HMRC every three months. We will send a reminder when they need to do this, but it is the parent's responsibility to reconfirm on time.

Reconfirmation is simple and quick to do, but some parents are still failing to complete this process correctly or on time.

You do not need to do anything, but reminding your clients how to reconfirm may mean they keep getting Tax-Free Childcare.

To reconfirm successfully, your client(s) need to:

- click on 'Reconfirmation' in their childcare account(s)
- click on the 'continue' button to see 'Your reconfirmation summary' (this shows the details they gave when they applied or last reconfirmed)
- check their details are correct and are expected to remain the same for the next three months
- read the 'Declaration' then click the 'Accept and send' button.

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They have reconfirmed when they see the 'Thank you' screen. They will also receive a secure message in their childcare account about their eligibility.

Your clients can check their reconfirmation date at any time in their childcare account(s).

We would like more parents to benefit from Tax-Free Childcare. You can make a difference. Please tell your clients about Tax-Free Childcare today.

There is more information to help you do this on the childcare choices website.

Apprenticeship levy funds transfer limit to increase in April 2019

Employers are preparing for a rise in the amount of apprenticeship levy funds that can be transferred.

From April, the amount of funds that levy-paying employers can transfer to other employers to support apprenticeships will increase from 10% to 25%.

Levy-payers can transfer funds to any employer, subject to rules. These can include employers in their area, sector or supply chain, or even charities. The funds can support new apprenticeship programmes or to upskill an existing workforce.

Find out more about making a transfer on the ESFAGOVUK YouTube channel. Remember that to make a transfer, both the sending employer and the receiving employer will need an account on the apprenticeship service.

Find out how to set up your account on the ESFA Digital Blog. For further updates please follow us on twitter at @ESFADigital or subscribe here.

Apprenticeship reports for public bodies

Since 1 April 2019, public bodies are now able to complete the public sector apprenticeship report on the apprenticeship service.

All public bodies in England with more than 250 employees must report on the apprenticeship target. This target is to employ at least 2.3% of the workforce as new apprenticeships start for the period 1 April 2017 and 31 March 2021. It is assessed as an annual average over this four year period, and progress is reported annually.

Reports are submitted using the public sector apprenticeship reporting tool which can be found within the organisation's manage apprenticeships account.

Certain public bodies are exempt from submitting a report, such as the BBC, Channel 4 and the Post Office. For more information please see the Public sector apprenticeship target webpage on GOV.UK.

For guidance on how to complete the public sector apprenticeships report search for Public sector apprenticeship target on GOV.UK, or watch the YouTube guidance video.

Funding projection tool - Expiry of funds release

Employers may ask you about the Apprenticeship Service's new Funding Projection Tool, which employers are able to access in the finance section of their apprenticeship service account. From May 2019 onwards, levy-paying employers are able to see the projected estimate of monthly funds due to expire over the next four year period.

For more information employers can read the in-service content available on the funding projection tool page of their account. Alternatively read the Apprenticeship technical funding guide.

Support videos are also available on the ESFAGOVUK YouTube channel.

Employers with queries about the apprenticeship service can contact the National Contact Centre on 08000 150 600 or email helpdesk@manage-apprenticeships.service.gov.uk

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Help your clients protect their State Pension

Making a claim to Child Benefit can help protect entitlement to the State Pension.

Child Benefit is a universal benefit payable to families as a contribution towards the cost of raising a child or children. It is paid to a person who is responsible for a child under 16 (or under 20 and in approved education or training).

The weekly rate is £20.70 for the first child and £13.70 for each additional child.

In addition to the payments, until the child is 12 years old a Child Benefit award also provides National Insurance Credits to the person who made the claim. These National Insurance Credits can help protect entitlement to the State Pension.

Only one person can claim Child Benefit for a child. For couples with one partner not working or paying National Insurance contributions, making the claim in their name will help protect their State Pension.

Even where the working partner claims Child Benefit, there is scope to transfer the National Insurance Credits and change who gets Child Benefit to protect the non-working parents State Pension.

If your client receives Child Benefit payments, and they or their partner's income is over £50,000, they may have to pay the High Income Child Benefit Charge. The charge increases gradually by 1% for every £100 of income over £50,000. At £60,000 the charge is equal to 100% of the Child Benefit entitlement. However, individuals may claim Child Benefit and choose not to receive the payments, which means they do not have to pay the charge but still receive the associated National Insurance Credits and protect their State Pension.

Scottish Income Tax

The 2019-20 Draft Budget was passed by the Scottish Parliament on Thursday 21 February 2019. For further information and confirmation of the rates and thresholds, visit the SCOT.GOV website.

Welsh rates of Income Tax (WRIT)

WRIT are in operation from 6 April 2019

Tax codes for PAYE taxpayers living in Wales now begin with 'C' and for those that complete a tax return online they will be asked to confirm their country of residence on their 2019-20 tax returns.

It is important that your clients keep HMRC updated with their correct address. They can do this on the Tell HMRC about a change to your personal details webpage on GOV.UK.

Further information on the Welsh rates of Income Tax and the Rates and thresholds for employers: 2019 to 2020 is available on GOV.UK.

You can also visit the GOV.WALES webpage.

Corporation Tax

Extension of Non-resident Capital Gains Tax (CGT) on UK property or land

From April 2019, Finance Act 2019 provisions will bring more disposals of interests in UK property or land by non-residents into charge to UK tax. This builds on, and significantly expands, the 2015 rules that tax certain non-residents (mainly those chargeable to CGT) on sales of residential property.

Filing requirements for Non-resident CGT

Your clients need to complete a Non-resident CGT return when they sell or dispose of UK property or land. HMRC must be notified within 30 days of the conveyance date using HMRC's online form.

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The following customers must complete a Non-resident CGT return:

- a non-resident individual
- personal representative of a non-resident who has died
- a non-resident who is in a partnership
- a non-resident landlord or trustee (this does not apply to non-resident corporate landlords as normal Corporation Tax (CT) time limits for notifying chargeability and payment will apply)
- a UK resident meeting split year conditions and the disposal is made in the overseas part of the tax year.

Summary of key changes from 6 April 2019

- Disposals of interests in all UK property or land will be chargeable to UK taxes. Residential property has been liable to CGT since April 2015 and disposals of non-residential property or land will become liable from 6 April 2019
- There will be a new charge for non-residents' gains on indirect disposals of interests in UK property (such as selling the shares in a company that derives 75% or more of its gross asset value from UK land)
- All non-resident companies and life assurance companies that sell or dispose of UK property or land after 5 April 2019 will be chargeable to CT on the gain, but must still notify HMRC even if there is no tax to pay
- If the non-resident company has not previously submitted a UK CT return, or there has been a period of 'dormancy' since they last did so, they will need to tell HMRC about the disposals. A notification service will be available from 6 April 2019 on GOV.UK. If they are currently registered for CT, the disposal should be included in the appropriate return along with other profits
- Group companies and closely-held companies needing to complete a non-UK resident CGT return for disposals prior to 6 April 2019 can find the form and guidance here.

These changes follow on from an intensive period of consultation, beginning in November 2017 and continuing after publication of the response document in July last year. The papers on the consultation can be found on the Taxing gains made by non-residents on UK immovable property webpage on GOV.UK.

Guidance has been published in draft as Appendix 14 to the Capital Gains Manual (the deadline for feedback was 28 February 2019). Draft guidance is also available on the specific application of the rules to collective investment vehicles, published in draft as Appendix 15 to the CG Manual. Appendix 15 builds on the Technical Note published in November 2018.

Reminder of changes to instalment payments for very large companies

The Corporation Tax (Instalment Payments) (Amendment) Regulations 2017, published in November 2017, introduced changes to the quarterly instalment payments regime.

For accounting periods beginning on or after 1 April 2019, companies with taxable profits exceeding £20m will be required to make payments four months earlier. For a 12 month accounting period, payments will be due in months 3, 6, 9 and 12 of the current accounting period.

The £20m threshold is reduced where the company is a member of a group and is pro-rata'd for accounting periods shorter than 12 months.

Payments relating to bank levy and CT and supplementary charge on ring fence profits of oil and gas companies will not move to the new payment regime. However, if a company is very large, all other liabilities including bank surcharge will move to the new regime.

Affected businesses should ensure that they are ready for the changes. The first instalment payment under the new rules will be due before the final payment under the current regime and will impact on cash flow in the first year.

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Claim a refund for Construction Industry Scheme (CIS) deductions

If your client is a limited company subcontractor and they have paid too much tax or National Insurance, they can claim a repayment for CIS deductions.

Claims for repayment can be made online, however, the claim will need to be submitted by post if the employer wants HMRC to pay an agent or other nominated representative. More information and the online form can be found on GOV.UK.

HMRC will only start processing CIS overpayment requests for the tax year 2018-19 from the 24 April 2019. It can take up to 40 working days to process an application to allow time for the contractors to submit all their returns. Please wait until 19 June 2019 (40 working days from 21 April 2019) before progress chasing your client's overpayment application.

PAYE

P11D and P11D(b) for the tax year 2018 to 2019

Helping you to get it right first time

The deadline for reporting expenses and benefits in kind to HMRC for tax year ending 5 April 2019 is 6 July 2019.

This information should help you to complete your clients P11D and P11D(b). If you make a mistake or send in your form late, your clients employees could end up paying the wrong tax and your client could end up with a penalty, so it is important that you get it right.

You will need to submit a P11D(b) form if:

- Your client has submitted **any** P11D forms
- Your client has paid **any** employees' expenses or benefits through your payroll
- HMRC has asked your client to file a P11D(b), either by sending you a P11D(b) form or an email notification to file a P11D(b).

The P11D(b) tells HMRC how much employers Class 1A National Insurance contributions (NICs) your client needs to pay on all the expenses and benefits they have provided to their employees, either through their payroll or any they have reported to HMRC on a P11D.

If HMRC has asked your client to submit a P11D(b) and they have nothing to declare, they can tell us they do not owe any employers Class 1A NICs by completing a No return of Class 1A National Insurance contributions declaration on GOV.UK.

Only use this declaration if HMRC have asked your client to submit a P11D(b) and they have nothing to declare.

P11D and cars

It is important that your clients report all the information regarding cars, and to do so correctly.

Incorrect or incomplete reporting means;

- your client will pay the wrong amount of NICs
- their employee's will pay the wrong amount of tax, and
- your client will need to amend each incomplete or incorrect P11D.

Common mistakes include submitting the wrong CO_2 emissions, not including accessories and incorrectly recording capital contributions and private use payments, and incorrectly reporting 5 April as the end date.

If your client payrolled their benefits

If your clients payroll benefits they may still have a **Class 1A NIC** liability and they will still need to send a P11D(b) to tell HMRC how much employer **Class 1A NICs** they owe. They will also need to send a P11D to show any benefits they paid that they did not payroll. Instead of giving their employees a P11D, they need to give them a letter explaining what they have payrolled.

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More information can be found on the Payrolling: tax employees' benefits and expenses through your payroll webpage on GOV.UK and in the April edition of Employer Bulletin on GOV.UK.

Diesel Supplement Company Car Tax Changes to meet Euro standard 6d

Diesel cars which meet the levels of Nitrogen Oxide (NOx) emissions permitted by Euro standard 6d are exempt from the entire diesel supplement.

For cars manufactured after September 2018, the online Vehicle Enquiry Service will help you identify whether a car meets Euro standard 6d. This is also available on the V5C form for cars registered after 1 September 2018 onwards.

All cars shown as meeting Euro status 6AJ, 6AK, 6AL, 6AM, 6AN, 6AO, 6AP, 6AQ or 6AR, meet Euro standard 6d.

How to report a new diesel company car or one made available to an individual for the first time during the 2019-20 tax year

From 6 April 2019 a new fuel type will be shown on form P46 (car) called 'Fuel Type F - Diesel cars meeting Euro standard 6d'. This fuel type should be used for reporting diesel company cars which are Euro standard 6d compliant. This replaces previous guidance which advised these cars being reported as fuel type 'A'.

Payrolling the car and car fuel benefit for a diesel company car

If you have registered to payroll the car and car fuel benefit charge in the 2019-20 tax year for a Euro standard 6d compliant diesel car, you will need to: calculate the cash equivalent using the appropriate percentage for 'Fuel Type F'.

- enter this amount in 'Box 182' of the Full Payment Submission (FPS)
- enter 'F' in 'Box 177' of the FPS.

GOV.UK guidance has been updated to reflect these changes in Employment Income Manual 24000 and in 480 Expenses and benefits tax guide.

Further information about P11D completion will be provided in due course.

Calculating the cash equivalent

From the 2019-20 tax year onwards, if you use the HMRC online calculator, or other business tools to calculate cash equivalent for company cars, there will be a new fuel type 'Fuel Type F - Diesel cars meeting Euro standard 6d'. This should be used when calculating the value for diesel company cars which are Euro 6d compliant.

Student Loans

Thresholds and rates

From 6 April 2019 student loan thresholds and rates are:

- Student Loan Plan 1 - £18,935
- Student Loan Plan 2 - £25,725.

Plan 1 and Plan 2 repayments are calculated at 9% of the income above the threshold.

- Postgraduate Loan (PGL) - £21,000.

PGL repayments are calculated at 6% of the income above the threshold. Remember to check and operate the correct plan and loan type for the employee.

The employee may be liable to repay a Plan 1 or Plan 2 loan at the same time as a PGL. If so, they will be due to repay 15% of the amount they earn over the thresholds.

Checking for Loan and Plan type

You will find the Loan and Plan type on the:

- start notice form SL1 or PGL1 that HMRC sends you/your client
- starter checklist, if the employee does not know their Plan or Loan type their employee can check at www.studentloanrepayment.co.uk

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Mandatory box for Student loan Plan 1, Plan 2 and PGL

The payroll software should now be updated to include a new box for PGL on the Full Payment Submission (FPS) that the employer sends to HMRC. If their employee has:

- only a PGL they should complete the PGL box
- only a student loan Plan 1 or Plan 2 they should complete the student loan box
- both PGL and Plan 1 or Plan 2 loan they should complete the PGL box and the student loan box.

These boxes are mandatory for all employees who are in repayment of Plan 1, Plan 2 and PGL. It is important that the employer takes deductions using the correct Plan and Loan type on the FPS. More Information can be found in Agent Update 70.

Generic Notification Service (GNS) Messages

HMRC may send two different types of Student loan or PGL Notification Service GNS messages to the PAYE online inbox. The GNS messages will instruct you/your clients to:

- start taking student loan or PGL deductions from the next pay day and report this on the next FPS sent to HMRC. This is sent to you/your client when HMRC receives an FPS showing zero deductions for an employee we know has a student loan or PGL
- include the correct student loan plan type on the next FPS you send to HMRC. This is sent to you/your client when HMRC receives an FPS for an employee showing the incorrect plan type.

If you do not action the GNS messages on the next FPS then you will receive a second GNS message. If you do not act on the second, HMRC may contact you by telephone.

Starter checklist

From 2019-20 onwards, employers should use the New starter checklist.

The starter checklist:

- includes a new section for PGL
- asks the employee if they have both Plan 1 and Plan 2 student loans. If the employee ticks they have both, the employer should default to Plan 1 and check the SL1 start notice that HMRC sends them.

Changes to the Earlier Year Update (EYU)

From April 2019 HMRC are running a trial aimed at simplifying the process for reporting corrections by extending the use of the Real Time Information (RTI) Full Payment Submission (FPS).

This means employers can continue to report revised Year to Date (YTD) payroll data after the current deadline of 19 April, following the end of the tax year, making sure HMRC systems with employer payroll records are aligned.

Some payroll software already supports this. If you or your clients use one of these, a YTD FPS can be used to correct payroll errors for the 2018-19 tax year which are identified after 19 April 2019.

If you or your clients' payroll software does not support the change yet, you should continue to make corrections using the EYU process.

If the trial is successful we expect all payroll software providers will support the change in April 2020 and the EYU will no longer be a valid submission type for 2019-20 and later years. So all amendments to payroll data for the year 2019-20 and future years identified after the year-end will need to be made on an FPS.

HMRC's Basic PAYE Tools software will be amended in April 2020 to support the change to an FPS.

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You need to make sure you and your clients use the same submission type for all corrections you submit. For example, if you make a change to 2018-19 payroll data using an EYU after 19 April 2019 you will need to use an EYU for any other changes. If you are able to use the FPS submission, all corrections after 19 April 2019 need to be made on an FPS.

Disguised Remuneration Loan Charge

You may be aware that the disguised remuneration loan charge came into effect on 5 April 2019. If your clients used a disguised remuneration scheme to avoid paying tax and National Insurance contributions (NICs), and they did not settle by 5 April 2019, or they are not in the settlement process, there will be a loan charge to pay.

For those who are in the settlement process, we encourage you to finalise their settlements promptly. Where all necessary settlement information was provided to HMRC by 5 April 2019, and any actions we require are satisfied by the dates that we give in correspondence, the current settlement terms will remain available and the loan charge reporting and accounting requirements will not apply.

For anyone who will have difficulty paying their settlement liability we can agree to spread payments over a number of years. See the Disguised remuneration: settling your tax affairs webpage on GOV.UK for more information.

Loan Charge Reporting Requirements

Where settlement is not reached, any outstanding loans must be reported as employment income arising on 5 April 2019. We provided details of the loan charge reporting requirements in Agent Update 70. We have also published guidance on the reporting requirements, which can be found on the Report and account for your disguised remuneration loan charge webpage on GOV.UK.

Where employers are using an Earlier Year Update through Basic PAYE Tools to report the loan charge, they will need to use the tax, NICs and Student Loan deductions tables to calculate the tax due. Guidance on how to do this can be found on the Manually calculate deductions due on the loan charge webpage on GOV.UK.

Self Assessment

Self Assessment (SA) Payments on Account (POAs)

There is an ongoing problem whereby POAs for 2018-19, in some instances, have not been created from the 2017-18 tax return.

The due date for the first POA for 2018-19 was 31 January 2019. As this date has now passed HMRC should not create a POA unless individuals in SA have made a payment to cover the POA or if they, or their agent, insists on POAs being created. If HMRC create the requested POAs interest will accrue until the payment is made.

VAT

VAT: building and construction services reverse charge

The building and construction services reverse charge for VAT measure comes into effect on 1 October 2019. Further information on the scope of the reverse charge and how it will operate can be found in this guidance note.

The key aspects are:

- it will apply to standard and reduced-rated supplies of building and construction services made to VAT registered business, who in turn also make onward supplies of those building and construction services
- the scope of supplies affected is closely aligned to the supplies required to be reported under the Construction Industry Scheme, but does not include supplies of staff or workers

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- the legislation introduces the concept of “end users” and “intermediary suppliers”. This covers businesses or groups of associated businesses that do not make supplies of building and construction services to third parties and as such are excluded from the scope of the reverse charge if they receive such supplies. Examples include landlords, tenants and property developers.

Further guidance on the reverse charge will be published in the coming months. For more information on the Construction Industry Scheme see the guide for contractors and subcontractors on GOV.UK.

How to monitor an Online VAT Registration application

The best way to monitor the progress of a VAT Registration application is through your Agent Services Account.

To do this sign in to your Agent Services Account through GOV.UK and select the ‘All your other services’ link. This takes you to the ‘Services you can use’ page. Select ‘View communications’ from the left hand menu under ‘Your HMRC Services’.

There you will see a notification acknowledging receipt and the status of the VAT Registration Application. You will find the VAT Registration number here too when the application is processed.

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Off-payroll working rules (commonly known as IR35)

Off-payroll working rules in the public sector

There has been a change to the guidance for people working through their own intermediaries in the public sector.

The change is to the second paragraph for 'Salary' under the heading 'Pay Yourself Through Your Company'. The new paragraph reads: "You should report non-taxable payments your company pays you on the Full Payment Submission (FPS) that your payroll software produces". The previous version read: "You can report non-taxable payments your company pays you on the FPS that your payroll software produces. If you use Basic PAYE Tools, you do not need to report these payments".

For background, the previous version reflected the position when Basic PAYE Tools could not report non-taxable payments. The IT has now been upgraded and Basic PAYE Tools now have the relevant functionality, so it was necessary to change the guidance.

Off-payroll working rules from April 2020

The government will be reforming the operation of the off-payroll working rules from April 2020. Extending the reforms successfully introduced into the public sector in 2017 to all sectors, making organisations and agencies who take on contractors working through their own company responsible for ensuring they pay the right tax and National Insurance contributions.

HMRC are seeking views on the detailed operation of how the off-payroll working rules will work from April 2020, to ensure the proposed processes are suitable for the large and diverse sectors that they will now apply to, as well as engagers in the public sector already applying the rules. You can view the consultation here.

The consultation asks for views and information on a number of subjects, including:

- the scope of the reform and impact on non-corporate engagers
- information requirements for engagers, fee-payers and personal service companies
- addressing status determination disagreements.

The consultation also sets out how businesses can prepare for reform, including:

- identifying and reviewing their current engagements with intermediaries, including Personal Service Companies and agencies that supply labour to them
- reviewing current arrangements for the use of contingent labour, particularly within the organisation functions that are more likely to engage off-payroll workers
- putting in place comprehensive, joined-up processes (assess roles from a procurement, HR, tax and line management perspective) to get consistent decisions about the employment status of the people they engage
- reviewing internal systems, such as payroll software, process maps, HR and on-boarding policies to see if they need to make any changes.

HMRC is looking to enhance the Check Employment Status for Tax (CEST) digital service to help customers make employment status decisions, and to improve supporting guidance. An education and support package is also being developed to help you and your clients prepare for, and implement, these changes to the off-payroll working rules.

Digital research and development (R&D) credits form for small and medium sized enterprises (SME) claimants

A digital report form is now available to support R&D claims by SMEs. The form has been designed so that it can be used by unrepresented claimant companies, as well as agents.

A digital form for R&D expenditure credit claimants will be released later in spring 2019.

For more information please see the Research and Development tax relief for small and medium-sized enterprises webpage on GOV.UK.

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Making payments to HMRC easier

Your clients can now pay their Self Assessment (SA) and Employers PAYE quickly by using the green 'Pay now' button on the How to pay SA and How to pay PAYE webpages on GOV.UK. This facility was also made available to Corporation Tax customers on 4 February 2019. For more information, see the Pay your Corporation Tax bill webpage on GOV.UK.

From 31 March 2019 this facility will be extended to:

- Construction Industry Scheme (CIS) late filing penalties
- PAYE late payment or filing penalties
- Class 1A National Insurance
- PAYE settlement agreements
- Machine Gaming Duty (MGD)
- Miscellaneous Penalties
- Stamp Duty Land Tax
- Soft Drinks Industry Levy
- Simple Assessment
- Pension Scheme Administrators.

By using the 'Pay now' feature your clients will be automatically offered various payment options to choose from and the information they need to pay HMRC simply, quickly and efficiently.

Payment options are:

Direct Debit - easy to set up to avoid missing payment deadlines and receiving late payment charges.

Bank Transfer by Faster Payment, BACS or CHAPS - using their own banking software or applications.

Debit or corporate credit card - please note that credit card payments are charged a non-refundable fee.

Unpaid work trials and the National Minimum Wage

Are your clients using unpaid work trials as part of their recruitment process? If so, some of the issues to consider when deciding whether the minimum wage should be paid for these trials include:

- Is the work trial genuinely for the recruitment purpose?
- Do the tasks carried out have a value to the employer beyond just testing the individual?
- Does the length of the trial exceed the time that an employer would reasonably need to test the individual's ability to carry out the job?

More information, including what a court or tribunal is likely to take into account on such cases, is available in the 'Eligibility for the minimum wage' section of our new guidance.

Extension of Security Deposit legislation (ESDL)

In Agent Update 70 we told you that HMRC published a consultation on the draft regulations on ESDL.

Following the consultation no changes were made to ESDL, which were laid on 28 February 2019 and came into force on 6 April 2019.

section continues>

Consultations

Check the status of tax policy consultations

Find out about ongoing and closed tax policy consultations.

Check the status of tax policy consultations

ODS, 15.4KB

This file is in an OpenDocument format.

Contact

Agent Blog

Did you know there's a regular Tax agent Blog, highlighting the work HMRC do with tax agents, advisers and professional bodies?

We cover Agent specific news and updates, consultations and HMRC's Agent strategy to name but a few.

You can subscribe here to receive a notification when a new blog is posted.

Complain to HMRC

To make a complaint to HMRC on behalf of your client you must be appointed as their Tax Advisor.

Employers need to register for email alerts

As the Department moves rapidly down the digital road, it is becoming more apparent that the days of paper mailings are numbered. It is important agents encourage employers to register to receive email alerts so they are aware of the latest coding changes and important information that is published on the Government Web pages.

Where's My Reply? for tax agents

Find out when you can expect to get a reply from HMRC to a query or request you have made. There is also a dedicated service for tax agents to:

- register you as an agent to use HMRC Online Services
- process an application for authority to act on behalf of a client
- amend your agent details.

Manuals

Recent Manual updates

You can check the latest updates to HMRC manuals or subscribe to automatic notification of changes.

RDRM & Deemed domicile

The domicile chapter within the RDRM has now been updated to include the changes applicable from the introduction of deemed domicile.

For more information, see the Residence, Domicile and Remittance Basis Manual on GOV.UK.

Online

Future online services downtime

Information is available on any downtime that may affect the availability of HMRC's online services. Please note this is subject to change and confirmation by HMRC's IT provider.

section continues>

HM Revenue & Customs

Agent Update

Agents and HMRC working together April - May 2019 - Issue 71

Online security - stay safe online

HMRC continuously monitors systems and customer records to guard against fraudulent activity, providing regular updates on scams we are aware of. If you have any concerns regarding the authenticity of any emails received from HMRC, see the online security pages for agents.

Phishing emails and bogus contact: HMRC examples

A new type of phishing scam regarding 'Tax Returns', which is being circulated in high volumes, has been added.

Online training material and useful resources for tax agents and advisers

HMRC videos on YouTube, online learning modules, and live and pre-recorded webinars are available for tax agents and advisers providing you with free help, learning and support on topical subjects.

Publications

Spotlights

HMRC have recently published a number of new Spotlights on tax avoidance.

Spotlight 47 - Attempts to avoid an income tax charge when a company is wound up.

Spotlight 48 - Disguised remuneration: contractor loans settlements and obtaining a deed of release.

Spotlight 49 - Disguised remuneration: schemes claiming to avoid the loan charge.

HMRC have been warning about schemes that claim to get around the 2019 loan charge. Spotlight 49 describes more arrangements that also claim to do so. People should steer well clear of such arrangements.

Check for new additions

Employer Bulletin

The latest edition of Employer Bulletin is now available and contains topical and useful information about PAYE processes and procedures. For employers to be informed when it is available on the website, they must first register to receive the email alerts.

HMRC: Trusts and Estate newsletters

The latest edition provides more information about the Trust Registration Service.

National Insurance Services to Pensions Industry: countdown bulletins

Countdown Bulletin 42 - February 2019 and Bulletins 43 and 44 - March 2019 have been added to this collection.

Pension schemes newsletter

This newsletter is published by HMRC's Pension Schemes Services to update stakeholders on the latest news for pension schemes.

Revenue and Customs briefs

These are briefs announcing changes in policy or setting out the legal background to an issue. They generally have a short lifespan, as announced changes are incorporated into permanent guidance and the brief is then removed.

section ends

Working Together - Issues Overview Group (IOG)

The Working Together IOG is a joint forum of HMRC and professional bodies (PBs) which progresses key operational issues or problems raised on the online Agent Forum, or otherwise identified by HMRC or PBs representing tax agents and advisers. Information including the Terms of Reference for the IOG can be found on the IOG webpage on GOV.UK. Agent Update highlights items being progressed by the IOG. The latest updates on progressing priority issues identified will be published on the Working Together online Agent Forum.

Recent issues raised on the Agent Forum include:

1. **Online services verifying email addresses**
2. **Do clients need a new user ID for Making Tax Digital?**
3. **Why do agents have to authorise software for Making Tax Digital?**
4. **Abolishment for company directors to report tax deducted on interest paid**
5. **Linking new clients who do not have any email**
6. **Updating client details in Making Tax Digital.**

Agents wishing further progress on an issue can, in addition to seeking the latest update on the Agent Forum, contact their PB representative on the IOG to assist with resolution.

The IOG have identified P800s and Class 2 NICs as key issues for agents, and have sought progress updates around these. In addition IOG representatives have sought clarification on the reclassification of taxpayer's residency status for Scottish and English taxpayers. Agents are invited to post queries or evidence relating to these or other potential significant widespread issues on the Working Together Agent Forum, or to provide details to their PB representative on the IOG. The evidence will assist identification, progression and resolution of issues.

Working Together Contact information for Professional and Representative Bodies

AAT Jeremy Nottingham

ACCA Jason Piper

AIA

ATT Jon Stride

CIMA

CIOT Nigel Clarke

CIPP Samantha Mann

IAB Kelly Pike

ICAEW Caroline Miskin

ICAS Charlotte Barbour

ICB Jacquie Mount

ICPA Tony Margaritelli

IFA Anne Davis

VATPG Ruth Corkin

If you are not a member of a professional body, please contact the Agent Engagement Mailbox.

section ends