HM Revenue & Customs

Employer Bulletin

Your route to the latest in payroll news

April 2019 Issue 77

Welcome

Hello and welcome to April's edition of the Employer Bulletin

This edition has some important information around "Basic PAYE Tools – New Release, Reporting Expenses and Benefits in Kind for the tax year ending 5 April 2019, Reporting payroll when your normal payday falls on a non-banking day and many more articles.

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 john.berry@hmrc.gov.uk Your feedback is always most welcome.

John

John Berry
Editor

Content

Cash Allowances, Flexible Benefit Packages and Salary Sacrifice - a reminder

During 2018 to 2019 did you offer your employees any Benefit in Kind (BiK) with the option of a cash allowance, a flexible benefit package with a cash option or a salary sacrifice arrangement?

If so, the rules changed in April 2017. The value of all BiK is now the higher of the original value, or the amount foregone in the year. For previously exempt BiK, the taxable value is the amount foregone. These are known as the Optional Remuneration Arrangement (OpRAs) rules. You need to report the higher value on the P11D and P11D(b).

There were transitional provisions for arrangements during 2017 to 2018, but these mostly ended on 5 April 2018.

Continuing Transitional Provisions

Cars and accommodation

Some cars and accommodation are still subject to the old rules, if the arrangement:

1. was entered into on or before 5 April 2017, and
2. has not been renewed, or renewed automatically, and
3. has not been varied

The remaining cars and accommodation move into the current rules on 6 April 2021.

School fees

Some school fees are not yet subject to the new rules, if the arrangement:

1. was entered into on or before 5 April 2017, and
2. is for the same child and at the same school.

The remaining school fees move into the current rules on 6 April 2021.

Childcare vouchers and directly-contracted childcare

As a reminder, all childcare voucher and directly-contracted childcare schemes, whether part of an OpRA or provided in addition to salary, closed to new entrants in early October 2018. As such, any new provision is now subject to tax and NICs.

For employees who are already in schemes can continue to receive tax and NICs relief as long as:

1. They have not changed employer (This includes any moves between employers of any kind, including within a group, end the tax and NICs relief, unless it is under TUPE), and
2. They have received a childcare voucher or directly-contracted childcare in the previous 52 weeks, and
3. They have not provided you with a Childcare Account Notice (to enter the Tax-Free Childcare scheme)

Unaffected items

Pension contributions, pension advice, workplace nurseries, Cycle to Work and cars with CO_2 emissions of 75g CO_2 or less are unaffected.

HMRC's criminal offences for failing to prevent the facilitation of tax evasion - 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 guidance on these offences, including what organisations can do to build their internal procedures in light of the offences.

HMRC has launched a new dedicated self-reporting route for organisations that have failed to prevent the facilitation of tax evasion. Guidance is available telling you how to self report and why it may be in an organisation's interest to do so.

The Official Rate of Interest remains at 2.50%

The Official Rate of Interest (ORI) is used to calculate the tax charge on beneficial loans and the taxable benefit of some employer-provided living accommodation. HMRC reviews the ORI quarterly, therefore it is subject to change.

How will this affect you?

If you provide beneficial loans or living accommodation to your employees there will be no change in the way that you calculate the benefit. The average Interest Rate for 2018 to 2019 was 2.50%.

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 has increased 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 here. For further updates please follow us on twitter at @ESFADigital or subscribe here.

Advice for employers sending or receiving a transfer of apprenticeship funds

If you are a levy-paying employer who is considering making a transfer then you need to be aware that any employers who are receiving funds will also need to have an account on the apprenticeship service.

We have some useful tips to help employers set up an apprenticeship service account.

Each account on the apprenticeship service must include at least one:

- account owner
- organisation
- PAYE scheme

To register a new account on the apprenticeship service the receiving employer will need:

- the account owner's email address
- the organisation's Companies House number, charity number, or public sector body name
- the PAYE scheme's Government Gateway credentials

If the receiving employer cannot find their Government Gateway credentials they should contact the HMRC helpdesk on **0300 200 3600**.

For further support on this and other topics, please view the blog or look at the video, 'What You Need To Set Up An Apprenticeship Service Account'.

Toolkits - helping to reduce errors

Accurate record keeping will help to ensure that the correct data can be sent to HMRC by the due dates and reduce delays in payments.

You may wish to download the National Insurance Contributions & Statutory Payments toolkit. The toolkit contains comprehensive sections that address areas such as Class 1 NICs and statutory payments.

The Expenses and benefits from employment toolkit provides further support for employers. The toolkit contains sections about; vehicles, travel, subsistence and entertainment, personal bills and the use or transfer of assets. We also have a new section about optional remuneration arrangements.

The toolkits are designed to help agents and advisers, but you'll find them useful too.

Earlier Year Update (EYU) process change

What is changing?

From April 2019 HMRC are running a trial aimed at simplifying the process for reporting corrections to previous year payroll data 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 2019, following the end of the tax year. This will simplify the process and align HMRC systems with employer payroll records.

When is the change happening?

From 20 April 2019 HMRC will accept an RTI FPS with amended YTD information for the tax year ending 5 April 2019. Some payroll software already supports this but you should check with your provider to see whether or not your product is one of them.

If your product supports the change a FPS can be used to correct payroll errors for the 2018 to 2019 tax year, which are identified after 19 April 2019.

If your 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 from April 2020 so the EYU will no longer be a valid submission type for the 2019 to 2020 and later tax years. All amendments to payroll data for the year 2019 to 2020 and future years, identified after the year end, will need to be made on a FPS.

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

You need to make sure you use the same submission type for all corrections you submit. For example, if you make a change to 2018 to 2019 payroll data using an EYU on or after 20 April 2019, you will need to use an EYU for any other changes. If you are able to use the FPS submission, all corrections on or after 20 April 2019 need to be made on a FPS.

To summarise:

- Amendments to the Tax Year ending 05 April 2019 from 20 April 2019 – an EYU or FPS will be accepted
- Amendments to the Tax Year ending 05 April 2020 (and future years) from 20 April 2020 – will be made by the submission of an FPS
- Amendments to Tax Years ending 05 April 2018 and earlier – will be made by the submission of an EYU

Unpaid work trials and the National Minimum Wage

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

- Is the work trial genuinely for the recruitment purpose?
- Do the tasks carried out have a value to you beyond just testing the individual?
- Does the length of the trial exceed the time that you 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 on GOV.UK of our new guidance.

EU Exit Preparedness and SMEs

The Department for Business, Energy and Industrial Strategy has recently published a leaflet which seeks to help SMEs to prepare for the UK leaving the EU. It offers suggested actions for SMEs on a range of topics like importing and exporting, data, goods and other topics. It also suggests further sources of support. Please do take a look, share it with your stakeholders and let simon.kirkland@beis.org.uk know if you have any questions or comments.

Reporting payroll when your normal payday falls on a non-banking day

The date you pay your employees will usually be agreed when they begin working for you. Typically, this could be at the end of a calendar month or on Friday each week.

It is essential that you report when you pay your employees on time and use the right payment date when doing so. Remember if you use an incorrect payment date, this could impact on your employees' financial situation, including any income related benefits, such as Universal Credit, so it is important that you send accurate reports to HMRC on time or as soon as you able to do so.

However, there may be occasions, when you pay your employees at a different time and not on the agreed day or date. This can arise when the regular payment date falls on a non-banking day (i.e. on a Saturday or Sunday or on a Bank Holiday).

If so, a payment reporting easement applies to ensure that this payment is treated correctly for tax purposes. The date you should enter on your Full Payment Submission (FPS) will depend on when you actually pay your employees and whether this is earlier or later than their normal payday.

Easter 2019

You may not be able to pay your employees on their regular payday during the Easter Holidays in April this year as there will be four consecutive non-banking days (19 April to 22 April 2019 inclusive).

If you would normally have paid your employees on any one of those dates, but instead will pay them early on the last working day before the Bank Holidays; then you must report your normal pay date on your FPS, for example:

Paying early

When a regular payday falls on a non-banking day, but payment is made on the last working day before the regular payday.

Regular date of Payment	Non-Banking Date	Actual date of Payment (or earlier*)	Payment date you use on your FPS
19 April 2019	19 April 2019	18 April 2019	19 April 2019
20 April 2019	20 April 2019	18 April 2019	20 April 2019
21 April 2019	21 April 2019	18 April 2019	21 April 2019
22 April 2019	22 April 2019	18 April 2019	22 April 2019

Remember you can report these payments early in advance of the actual payment date, but we recommend you don't submit your FPS too early – as you might need to correct it if information changes, for example an employee leaves or there is a change in an employee's tax code.

Paying late

If you decide to pay your employees on the first working day after the Easter Holidays – then you should report the payment on your FPS as if it has been paid on the regular payment day/date.

So, for example:

Regular date of Payment	Actual date of Payment (or later*)	Payment date for FPS reporting purposes
19 April 2019	23 April 2019	19 April 2019 *
20 April 2019	23 April 2019	20 April 2019 *
21 April 2019	23 April 2019	21 April 2019 *
22 April 2019	23 April 2019	22 April 2019 *

*We would recommend you send us your payroll submission early in these circumstances, but if you do send your FPS on a later date than the regular payment dates you must select "Late reporting reason code G".

All other payments you make on regular paydays that fall on banking days and the deductions due must be reported on or before the date of payment to your employees. There is more information at running payroll.

Taking on new employees

Here's how they can quickly confirm their National Insurance number

When taking on new employees, employers often require confirmation of their National Insurance (NI) number. Individuals can now view and print proof, as well as share an image of their NI number via their online Personal Tax Account (PTA) or via the HMRC app.

For the majority of people, these are the quickest and easiest ways of confirming their NI number. It can take up to 15 working days to get confirmation of their National Insurance Number if you need to request by phone or by submitting a form.

Employees can get proof of their NI number in the following ways:

1. Find it online on their personal tax account or on the HMRC app.

   Once they're in, they can immediately view, share or print a copy of their NI number confirmation letter.

   If individuals are accessing their PTA for the first time and they do not have their NI number, they will be asked to provide their full name and postcode, which must match HMRC's records. To confirm their identity, they may also be asked to provide information from a P60, a recent payslip or a valid passport.

   To use the HMRC App, individuals should sign in using the method they chose when they set up your Personal Tax Account. For future access, they can choose the option to open using a passcode or fingerprint recognition.

   Confirming a NI number is just one of the PTA functions available – individuals can see their current and previous tax code, view and print the pay and tax details from their employment or update their name and address. Find out more by reading our gov.uk pages.

2. Find their NI number on previous payslips, P60s, or letters about tax, pensions and benefits.

3. Complete a form and get us to post their NI number.

   Please note it can take up to 15 days for them to receive their NI number by post.

4. Contact the National Insurance Number Helpline.

   Lines are open 8am to 8pm, Monday to Friday, 8am to 4pm on Saturday.

   We will then post confirmation to them – please note it can take up to 15 days for them to receive their NI number by post.

Using the correct NI number is important, it helps ensure our records are correct, helps prevent using incorrect tax codes and ultimately prevents more work for employers and HMRC.

Please remember to submit the Full Payment Submission every time you pay an employee. If they're unable to provide a NI number, please leave the relevant field on the form blank and HMRC will trace it. This is important to make sure the taxes and NI they pay is recorded on the correct account. This is important to make sure that taxpayers can qualify for certain benefits and the State Pension.

Welsh rate of Income Tax

Welsh rates of Income Tax came into operation from 6 April 2019. Tax codes for taxpayers living in Wales now begin with 'C'.

Please make sure that you're using the latest version of your payroll software for 2019 to 2020 before you update your payroll records with tax codes from your P9 coding notices.

It is your employees' responsibility to ensure that they provide you with their correct address and to inform HMRC if they change address.

They can do this online at: www.gov.uk/tell-hmrc-change-of-details

For further information on the Welsh rates of Income Tax visit:
www.gov.uk/guidance/rates-and-thresholds-for-employers-2019-to-2020

https://beta.gov.wales/welsh-rates-income-tax

Reporting Expenses and Benefits in Kind for the tax year ending 5 April 2019

Reporting online

Most employers report expenses and benefits online because it's quicker, easier and cheaper. It's also more secure. You can save paper and you'll get confirmation that we've received your submission. If you're still filing on paper or sending us a list, you might want to consider swapping to online filing. Our online systems check for, and tell you about, common errors so there's less risk we'll reject your submission. If we have to reject your submission you might miss the filing deadline.

Please note that our online service will not pre-populate the total amount liable to Class 1A National Insurance contributions (NICs) field from the P11D figures. This is to allow customers who are payrolling some or all of the benefits to use the online service.

You might need to calculate the figure manually if your other software doesn't do this for you. Further information can be found in – Class 1a National Insurance contributions on benefits in kind (CWG5).

Helping you to get it right first time

The deadline for reporting Expenses and Benefits in Kind to us for tax year ending 5 April 2019 is 6 July 2019.

This information should help you to complete your P11Ds and P11D(b). If you make a mistake or send in your form late, your employees could end up paying the wrong tax and you could end up with a penalty, so it's important that you get it right.

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

- You've submitted any P11D forms
- You've paid any employees' expenses or benefits through your payroll
- HMRC has asked you to file a P11D(b) – either by sending you a P11D(b) form or an email notification to file a P11D(b)

Your P11D(b) tells HMRC how much employers Class 1A NICs you need to pay on all the expenses and benefits you've provided to your employees – either through your payroll as well as any you have reported to HMRC on a P11D.

If HMRC has asked you to submit a P11D(b) and you have nothing to declare, you can tell us you don't owe any employers Class 1A NICs by completing a declaration 'No return of Class 1A National Insurance contributions'. Only use this declaration if HMRC have asked you to submit a P11D(b) and you have nothing to declare.

P11D completion

If you send your P11D as a list you must use the following format:

- Use Arial font size 11 or larger (when printed)
- Sort it by employee, not benefit type
- Include your employer reference
- Include the employee's correct name and National Insurance Number (NINO). If you can't find the NINO you must give their correct date of birth and gender
- Put each employee's expenses and benefits on the same line – we can't accept separate lists for each benefit for example
- Include the letter codes from the P11D next to each benefit – these are shown in the dark blue boxes to the left of each section on the P11D

If you payrolled your benefits

If you payroll benefits you may still have a **Class 1A NIC** liability and you'll still need to send a P11D(b) to tell us how much employer **Class 1A NICs** you owe. You'll also need to send a P11D to show any benefits you paid that you didn't payroll. Instead of giving your employees a P11D, you need to give them a letter explaining what you've payrolled. You can find more information here.

If you missed the deadline to register to payroll benefits, you must register with HMRC for the 2020 to 2021 tax year on or before April 2020. If you are still informally payrolling, you must complete form P11D for these benefits, marking each form 'PAYROLLED'.

If you need to adjust the figure of Class 1A NICs due

Complete the P11D(b) to tell HMRC how much your Class 1A NICs liability will be. If you've entered your Class 1A NICs liability in box A on question 1 but you need to adjust this figure, please don't complete box C. Use question 4 to tell us about the adjustments, and put the total you need to pay in box F.

P11D(b)

Send one P11D(b) for each PAYE reference. If you've batched your P11Ds (for example into different classes of employee or different areas of your business) you must still total the benefits from each batch and show the overall total on one P11D(b).

If you send a paper P11D(b) you must sign it in ink. We won't accept a copy, fax, photocopy or a stamped signature.

If you send a paper form and it hasn't been signed in ink we'll send it back and treat it as not having been received. If you then return it late you'll get a penalty.

Amending a P11D or P11D(b)

If you make a mistake, send a new form. Fill in all the boxes, not just the ones you want to correct. For example if the employee had £2,100 car benefit and £500 medical benefit but you previously only reported £300 medical benefit by mistake, the corrected form needs to show the car benefit as well.

If you previously reported a Class 1A NICs liability of, £38,000 instead of the correct figure of £39,000, the new P11D(b) needs to show £39,000.

Paying your Class 1A NICs

There's a special reference you need to use to make your Class 1A payment. This is your normal Accounts Office reference plus the numerals 1913 at the end. Please don't leave a space between any of the numbers. This is an example of the correct format, 123PA001234561913, but please use your **own reference number**.

If you are paying at a bank or sending a cheque, you must use the correct payment slip, it's pre-printed with the reference in the format above. If you don't use the right payslip or if you use an incorrect reference, we won't know you've paid your Class 1A charge and may send payment reminders and default notices until your payment is allocated correctly. You can find more information here.

Free toolkit to reduce errors

Use our free online toolkits to help you reduce errors. Remember, if you make a mistake your employees could pay too much tax. You'll also have to correct the mistake so it's better to get it right first time. Help is available here.

P11Ds and 'Section 336' claims

From 6 April 2016, we changed the rules on how you tax and report expenses. Full guidance on how to treat each type of expense is available here.

The changes enable you to pay most business expenses without the need to report them on form P11D. You mustn't report exempt or fully deductible expenses to us on the P11D.

If you are still required to put non-taxable expenses onto the P11D, your employee might ask you to include a Section 336 claim with the P11D. You're not responsible for making a Section 336 claim on behalf of your employees, but if you're sending a paper P11D you can attach your employee's claim with it so that they don't end up with an incorrect tax code.

The address to use is:
P11D Support Team,
BP1102, HM Revenue and Customs,
Newcastle Upon Tyne, NE98 1ZZ.

Disguised Remuneration Loan Charge

You may be aware that the disguised remuneration loan charge came into effect on 5 April 2019. If you used a disguised remuneration scheme that paid your employees or directors in loans, and you did not settle by 5 April 2019, or you aren't in the settlement process, there will be a loan charge to pay.

If you are in the settlement process, we encourage you to bring your settlement to completion promptly. If you provided all necessary settlement information to us by 5 April 2019, and satisfy any actions we require by the dates that we give in correspondence, the current settlement terms will remain available to you and the loan charge reporting and accounting requirements won't apply.

Instalment arrangements can be considered if you need to pay what you owe over an extended period. Contact your settlement caseworker to discuss options available to you.

Loan Charge Reporting Requirements

If you do not reach settlement, you will have a legal requirement to report any outstanding loans that you rewarded current or former employees with as employment income arising on 5 April 2019, and pay the loan charge. We provided details of the loan charge reporting requirements in the February Employer Bulletin. We have also published guidance on the reporting requirements, which can be found here.

Where you are using an Earlier Year Update through Basic PAYE Tools to report the loan charge, you 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 here.

Student Loans

Thresholds and rates

The thresholds and rates from 6 April 2019 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 your employee.

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

Checking for Loan and Plan type

You will find the Loan or Plan type on the:

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

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

Your payroll software should now be updated to include a new box for PGL on the Full payment submission (FPS) that you send to HMRC. If your employee has:

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

These boxes are mandatory for all employees who are in repayment of Plan 1 or Plan 2 and/or PGL. It is important that you take the correct deductions and submit the deductions under the correct Plan and/or Loan type on the FPS. More Information can be found in February's Employer Bulletin 76.

Generic Notification Service Messages

You may receive two different types of Student Loan or Postgraduate Loan (PGL) Generic Notification Service (GNS) messages to your PAYE online inbox. These GNS messages will instruct you to either.

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

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

Starter checklist

The new starter checklist to use for 2019 to 2020 onwards has now been published.

The starter checklist has been updated to include:

- a new section for PGL
- guidance where your employee has both Plan 1 and Plan 2 student loans. If your employee ticks they have both, you should default to Plan 1 and check the SL1 start notice when HMRC sends you this.

Basic PAYE Tools - New Release

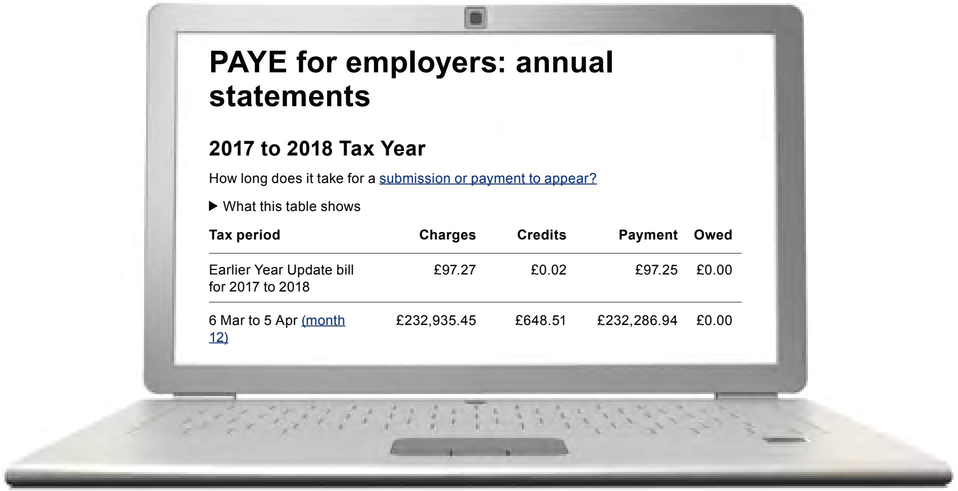
An update to the Basic PAYE Tools (BPT) was released at the end of March to support 2019 to 2020. It is important that you have updated to and are using version 19.0.19063.1355.

To update or check for updates you should select "Check now" in the update section of settings in the top right hand corner of the tool. It is also recommended that you should set the automatic update to "yes".

New customers can download BPT from where you will also find comprehensive help on installing this software.

Employers: stay in the PAYE picture

It's quick and convenient to check your liabilities and track your payments. The "PAYE for employers" section of the Business Tax Account shows your account both annually and month by month. On your payments history page you can see each individual payment recorded so you know we've received it.



Scottish Income Tax

The 2019 to 2020 Draft Budget was passed by the Scottish Parliament on 21 February 2019. For further information and confirmation of the rates and thresholds, visit the Scot.gov website.

Increase transparency, drive cultural change and improve employee engagement and retention in your workforce

On 22 November, Government published a voluntary reporting framework to support you, if you are an employer with over 250 employees, to report information and data on disability, mental health and wellbeing in the workplace.

An open and supportive organisational approach to managing health at work can improve employee engagement and wellbeing, reduce sickness absence and enable employees to remain in work and achieve their potential.

The framework, developed in partnership with leading businesses, is a short and user-friendly guide to help you take a first step on the journey towards being more transparent about health at work. It is a flexible framework, providing the opportunity for you to set out the policies and practices in your organisation that support employee health, demonstrate leadership and promote best practice.

It also sets out:

- potential benefits of employer reporting to employers and employees
- guidance on how data can be collected, where it can be reported and best practice case studies; and
- links to further support

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 to 2020 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 to 2020 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 to 2020 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.

Construction Industry Scheme - Helpful reminders for Contractors and Subcontractors

Applying for Gross Payment Status – Subcontractors

As a subcontractor working in the Construction Industry Scheme (CIS) you can make an application for gross payment status. This means that contractors will pay you in full without making any deductions. You will then pay any tax and National Insurance due when you submit your tax return at the end of the year. That will either be a Self Assessment tax return if you are a sole trader or partner, or a Corporation Tax return if you own a limited company.

To qualify for Gross Payment you must show HMRC that your business passes some tests. These are:

- You've paid your tax and National Insurance on time in the past
- Your business does construction work (or provides labour for it) in the UK
- Your business is run through a bank account

HMRC will also look at your turnover for the last 12 months excluding VAT and materials. Your turnover must be at least:

- £30,000 if you're a sole trader
- £30,000 for each partner in a partnership, or at least £100,000 for the whole partnership
- £30,000 for each director of a company, or at least £100,000 for the whole company

If your company's controlled by five people or fewer, you must have an annual turnover of £30,000 for each of them.

Appealing against a Penalty for a Late Return – Contractors

As a CIS contractor you must file a monthly return telling HMRC about payments you've made to subcontractors and any deductions made from those payments.

This return has to be sent to HMRC by the 19th of every month following the last tax month so for example a return for the tax month of 6 May to 5 June must reach HMRC by 19 June.

If your return is late you will get a penalty. If you don't agree with your penalty you can appeal within 30 days of the date on the penalty notice. The quickest and easiest way to appeal a penalty is to use HMRC's Online Service.

Here are some useful tips when using the online appeals service:

- Select the reason for your appeal from the drop down menu and avoid using 'Other' if there is a more suitable option
- If you did not pay any subcontractors for that month please use the reason 'I did not pay any subcontractors this month' and we will note that a nil return is due
- If you do need to make a return as you did pay subcontractors we will be unable to consider your appeal until the late return has been sent to us
- If you have stopped operating as a contractor please put the date you finished in the additional information so we can update your records.

You can make an application for gross payment status when you first register for CIS or if you're already registered you can apply online by:

- Signing in to Government Gateway
- From 'your tax account', go to 'Other Services'
- Choose 'Construction Industry Scheme – Subcontractors'

Extension of Security Deposit Legislation

In February's Employer Bulletin we told you that we published a consultation on the draft regulations on Extension of Security deposit legislation (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.

Claim a refund of Construction Industry Scheme deductions if you're a limited company

You can claim a repayment of your CIS deductions if you're a limited company subcontractor and you've paid too much tax or National Insurance.

We recommend that you claim the repayment online. However, you will need to submit your claim by post if you want HMRC to pay an agent or other nominated representative. More information and the online form can be found here.

Please note, HMRC will only start processing 2018 to 2019 CIS overpayment requests from the 24 April and it can take up to 40 working days to process an application.

This will allow time for your contractor to submit all your returns.

Please allow 40 working days from the 24 April before progress chasing your 2018 to 2019 CIS overpayment application.

CWG2 and CWG5 updates

Employers are reminded that the CWG2 (further guide to PAYE and National Insurance contributions) and the CWG5 (Class 1A National Insurance contributions on benefits in kind) are updated numerous times throughout the financial year.

Please ensure you refer to the online versions for current guidance and not any printed paper copies. This will ensure you are always using the most up to date 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 NICs.

We 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 find the consultation here.

The consultation asks for views and information on a number 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. This includes:

- Identify and review their current engagements with intermediaries, including Personal Service Companies and agencies that supply labour to them
- Review current arrangements for the use of contingent labour, particularly within the organisation functions that are more likely to engage off-payroll workers
- Put 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
- Review 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. We are also developing an education and support package to help customers and agents prepare for, and implement these changes to the off-payroll working rules.

Throwing a party for your employees but not sure of tax or HMRC reporting implications?

What is the tax position?

Expenses incurred by you on the cost of providing a social function for employees are taxable except when the Annual Party Exemption applies.

The exemption applies to an annual party (for example, a summer barbeque or Christmas party), or similar annual function, provided for employees and available to employees generally at a location.

However an “annual” party is one that happens once a year on a recurring basis, so a one-off event (for example a 25th anniversary party) cannot be an annual party.

Where there are separate sections or departments, an annual party may be provided for each section (e.g. separate wards in a hospital). As long as the party is available generally to all staff in that section, and the other conditions are satisfied, the exemption may apply.

If you provide one annual function for employees, this is not taxable if the cost of the event per head does not exceed £150.

Two or more functions

If you provide two or more annual parties or functions, there is no tax to pay in respect of the party, or parties, for which total cost(s) per head do not exceed £150.

We do not expect you to keep a cumulative record, employee by employee, of functions attended. But for each function the cost per head should be calculated. The cost per head of subsequent functions should be added. If the total cost per head goes over £150 then whichever functions best use the £150 are exempt, the others are taxable.

Exemption not allowance

If the party costs more than £150 a head, it is taxable in full, not just the excess over £150.

The cost of the function includes VAT, the cost of transport and overnight accommodation, if provided, to enable employees to attend. To get the cost per head divide the total cost of each function by the **total** number of people (**including non-employees**).

Trivial Benefits

If an employer provides a benefit to its employees, such as a party, it is not taxable if all the following conditions are satisfied:

- the cost of providing the benefit does not exceed £50 per head;
- the benefit is not cash or a cash voucher;
- there is no contractual obligation, including salary sacrifice;
- the benefit is not provided in recognition of particular services performed by the employee (or in anticipation of such services)

If any of these conditions is not satisfied then the benefit is taxed in the normal way, subject to any other exemptions or allowable deductions.

What about reporting to HMRC?

For functions that are taxable, directors and employees, have to pay tax on the full cost per head in respect of:

- themselves and;
- any members of their family and household who attend as guests

A PAYE Settlement Agreement (PSA) allows an employer to make one annual payment to cover all the tax and National Insurance due on minor, irregular or impracticable expenses or benefits for their employees.

A party can be included in a PSA as it would be impracticable to operate PAYE.

More detailed Guidance on what can and cannot be included in a PSA can be found at: https://www.gov.uk/paye-settlement-agreements/whats-included

High Income Child Benefit Charge

Do any of your employees have a total income of over £50,000? They may have to pay a tax charge, known as the ‘High Income Child Benefit Charge’ if they or their partner get Child Benefit.

Telling your employees about the High Income Child Benefit Charge may help them to understand their obligations and avoid facing a penalty.

Employees earning over £50,000 should:

- check their annual income either on their P60 or their personal tax account
- include any taxable benefits, for example medical insurance, company car or accommodation in their income
- use the child benefit tax calculator
- notify HMRC and register for Self-Assessment by 5 October
- complete a Self Assessment tax return by 31 January and pay what they owe

Child Benefit remains a universal benefit. It is important for parents to fill in the Child Benefit claim form, so they do not miss out on National Insurance credits, which help to protect their State Pension.

You can opt out of receiving Child Benefit payments so you won’t have to pay the charge but will still receive the National Insurance credits. For more information see stop child benefit guidance.

Do your employees know how to apply for Tax-Free Childcare?

There's a simple step by step guide parents can use if they want to apply for Tax-Free Childcare, at www.gov.uk/get-tax-free-childcare

It tells them:

- how to find out the childcare support option that's best for them
- how to check if they're eligible for Tax-Free Childcare
- how to apply for Tax-Free Childcare

If their application is successful they will get an online childcare account, where they can:

- select a childcare provider
- pay money into their account and receive the government 'top-up'
- pay their childcare provider

They will need to reconfirm (every 3 months) to check they're still eligible for Tax-Free Childcare.

You don't need to do anything, but telling your employees about the step by step guide and where to find it may help them with their childcare costs.