



Welcome

Hello and welcome to the June edition of the Employer Bulletin

It's that time of year again so here's a gentle reminder to send in your expenses and benefit information for the 2018 to 2019 tax year. If you haven't already sent us this you may want to have a look at the articles on pages 2 and 3. You may not have realised, but the June electronic payment deadline falls on a weekend – the article on page 3 tells you what to do to make sure we receive your payment on time.

There's an interesting article on page 4 about labour supply chains. If this is how you operate it may be worth your while reading this to make sure you're not part of a fraudulent arrangement and what you can do to protect yourself from entering into one.

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 which 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 nahid.khan@hmrc.gov.uk Your feedback is always most welcome.

Nahid Khan
Editor

Content

- 2 Expenses and Benefits
- 3 Toolkits - 2019 Updates
- 3 The June electronic payment deadline falls on a weekend
- 4 Supply Chain Fraud
- 5 In-Year Triggers
- 5 Using loans to escape the Optional Remuneration rules
- 5 Re-enrolment of staff back into a workplace pension scheme is a two-stage process
- 6 Student/Postgraduate Loan notices
- 6 Disguised Remuneration Loan Charge
- 7 The General Data Protection Regulations/Data Protection Act 2018 - **Have you paid the annual data protection charge?**
- 7 Professional fees and subscriptions: List 3 updates
- 7 Contractors operating CIS - new VAT reverse charge on building and construction services
- 8 Help your employees make school holidays easier with Tax-Free Childcare
- 8 How to quickly confirm National Insurance numbers
- 9 Admin Burden Advisory Board 2019 Annual Report

Expenses and Benefits

PAYE Online Refresh

We wanted to let you know that we have modernised our [PAYE online](#) content so you can send us information about Expenses and Benefits and any NICs due. We've done this to make it:

- accessible using a wider variety of devices,
- clearer and simpler to use by as many people as possible, including those with impaired vision and impaired hearing.

P11D and P11D(b) Filing and Payment Deadlines

Don't forget that you need to tell us about any Class 1A National Insurance contributions (NICs) that you owe for the tax year ending 5 April 2019 by **6 July 2019** at the latest. You also need to send us any P11D forms due by 6 July; failure to do so may result in a penalty. Any Class 1A National Insurance you owe must reach us by **22 July (19 July if you pay by cheque)** [The April edition of the Employer Bulletin](#) contained detailed information on how to do this.

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

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

Here are some common questions, and mistakes to avoid.

What do I need to file?

If you paid any benefits and/or non-exempt expenses, or if you payrolled any benefits you need to file a P11D(b). Include the total benefits liable to Class 1A NICs, even if you taxed some or all of them through your employees' pay. The P11D(b) is used to report any employer's Class 1A National Insurance contribution liability.

You need to send a P11D for each employee in receipt of benefits and/or non-exempt expenses, unless you [registered with us online](#) before 6 April 2018 to tax them through the payroll. If you didn't register online but then went on to tax some or all benefits through your payroll, you still have to send a P11D form, but mark clearly on each one which benefits have been taxed through the payroll already.

If you haven't already [registered online to payroll your company benefits](#), you may wish to do so now ahead of the 2020-21 tax year. It'll mean you no longer need to send P11Ds, as long as you can payroll all your benefits. Please note that if you are taxing benefits through the payroll and haven't registered online to do so, you need our agreement each year to continue using this method. We normally only agree that you can do this in exceptional circumstances.

Please note: you can payroll all benefits except: Employer provided living accommodation and interest free and low interest (beneficial) loans.

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

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

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

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

- Please don't put '6 April 2018' in the start date and/or '5 April 2019' in the end date for your company cars, unless they are genuinely the dates your employee received or returned a company car. If your employee already had the car before the start of the tax year, leave the 'from' box blank. If they kept the car into the new tax year, leave the 'to' box blank
- Remember to sign the form P11D(b) if you're sending a paper one
- Only send one P11D(b) for each scheme, showing the total amount due, don't send a separate one for employees and directors for example. We treat each separate P11D(b) as an amendment to any we've received previously
- Check P11D(b) to see if you need to use the 'adjustments' at Part 4 before you complete Part 1 box C. If you do need to make an adjustment, you need to leave Part 1 box C blank
- Check P11D if you've given someone a beneficial loan, double-check that you've completed all parts of Section H.

How do I send P11D and P11D(b) online?

You can use any of the following methods:

- [commercial payroll software](#)
- [HMRC's PAYE Online service](#)
- [HMRC's Online End of Year Expenses and Benefits service](#)

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

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

Paper forms must be sent to:

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

Toolkits – 2019 Updates

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 recently updated [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](#) has also been updated for 2019 and 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.

The June electronic payment deadline falls on a weekend

In June the electronic payment deadline of the 22nd falls on a Saturday.

You need to have cleared funds in HMRC's account by the 21st unless you are able to arrange a Faster Payment to clear on the payment deadline.

Remember, it's your responsibility to make sure your payments are made on time and if your payment is late you may be charged interest and/or a late payment penalty.

So that you know what date to initiate your payment and make sure we receive it on time, you may need to speak to your bank/building society well in advance of making your payment to check single transaction, daily value limits and cut off times.

Paying Class 1A National Insurance contributions (NIC)

Electronic payment for Class 1A NIC declared on your P11D(b) return for the tax year ended 5 April 2019 must clear into the HMRC account by 22 July 2019.

Use the right payment reference when paying Class 1A NIC

Help ensure your payment is correctly allocated by providing the correct payment reference when making your payment.

Use your 13 character Accounts Office reference followed by 1913.

Adding 1913 is important because 19 tells us the payment is for the tax year ended 5 April 2019, and 13 lets us know the payment is for Class 1A NIC. The reference should have no gaps between the characters.

Log in to your [HM Revenue and Customs \(HMRC\) online account](#) to make a single Direct Debit payment or go to [Pay employers' Class 1A National Insurance – GOV.UK](#) and click the green Pay Now button to select one of 3 secure payment methods or for more information on how to pay your Class 1A National Insurance Contributions.

Supply Chain Fraud

HMRC is aware of increasing levels of fraud in labour supply chains and with companies offering payroll services. HMRC recognises that these arrangements are mostly used legitimately, however, we would like employers to take extra care when engaging with these services.

Payroll Company Fraud, at its most basic, occurs when a business transfers staff and payroll responsibility to a fraudulent Payroll Company who supply the staff back to the business. When they are fraudulent, these Payroll Companies will not make the necessary payments to HMRC for Income Tax, National Insurance Contributions or VAT.

The companies conducting the fraud are not limited to specific sectors or business types – providing there is a workforce and a subsequent need for a payroll function, they can target any business. However, they are more likely to target companies whose financial position is weak, almost certainly to exploit this vulnerability with cheap payroll services, offering the struggling business an opportunity to cut in-house payroll costs.

The fraudsters can offer cheap services as, ultimately, they're stealing the tax and National Insurance contributions.

Co-Employment

The co-employment model is something we have seen more often recently. This is generally defined as when control and supervision of an employee's activity is shared amongst two or more business entities. One company will be the original employer and the other/others will take over the personnel related functions, claiming that the workforce are employed jointly by all companies.

There are a number of risks that can occur here – primarily with the new company set-up accruing debts to HMRC and then dissolving. Businesses entering into a co-employment model should undertake sufficient due diligence to ensure the business arrangements are tax compliant.

Mini Umbrella Companies

An umbrella company is a company that acts between the ultimate employer and the staff doing the work. The workforce is segmented into small companies with, usually, a very small number of employees in each company. This is done with the intention of exploiting specific allowances designed to help small businesses, with the aim of reducing the tax paid to HMRC.

With some of these schemes, promoters will offer “payroll services” to legitimate employment agencies, at a rate that is not commercially viable, sometimes with the offer of financial inducements to win the contract.

How can this affect you?

Employers need to be vigilant for these types of fraud. If it can be shown that your company knew, or should have known, that transactions in your supply chain are linked to fraud you may lose the right to recover VAT you paid on these transactions. Additionally, in some cases, you may also still be liable for any unpaid tax or National Insurance.

You may also face reputational harm if you take part in non-compliant supply chains whether directly or by association and your commercial relationships may be compromised, affecting your ability to maintain contracts.

What can you do to protect yourself?

The first thing HMRC recommends to anyone entering into an arrangement with a payroll company or umbrella company is to undertake sufficient and proportionate due diligence checks. Be as sure as you can be that the company that you're entering into an arrangement with is legitimate.

We have some guidance available on the GOV.UK Website on Due Diligence that you may find helpful [here](#).

If you are outsourcing your Payroll services, you can inform HMRC via the GOV.UK website [here](#). This will allow us to carry out our own checks. However, we may not be able to advise you of the outcome of those checks.

If you have information or concerns about a supplier/engager of labour or associated activities, contact the HMRC [hotline](#) by telephone or online.

In-Year Triggers

The final part of the Making Tax Digital, Dynamic Coding exercise went into a controlled go live environment in April this year with the introduction of the final in-year trigger. The Tax Code comparison trigger compares the tax code shown on HMRC records for that particular employment against the one shown on the individual's latest RTI submission from that employer or pension provider. If there is a difference the system will assess the difference against the following criteria:

- Are the codes for the same employee?
- The tax codes on HMRC records must not have been issued within the last 60 days
- Suffixes (eg L,T, M etc) or the basis of operation (eg cumulative or WK1/MTH1 basis) are not taken into consideration)
- Have Welsh and Scottish rates been applied correctly?

If the tax codes match no further action is taken.

Where the tax codes do not match;

- a new tax code calculation takes place
- If the tax code calculated is the same as the one held on HMRC records then a P6 will go out to that employer.
- If the tax code calculated is not the same as the one held on HMRC records then a P6 will be sent to the employer and a P2 will be issued to the customer.

This change will ensure that employers have the latest calculated tax code, so that employees pay the right amount of tax at the right time.

Using loans to escape the Optional Remuneration rules

Are you aware that HMRC may challenge instances where loans are being used to get around the Optional Remuneration Arrangements (OpRA) rules?

The OpRA legislation limits the tax advantages available where a benefit in kind is provided in conjunction with a cash allowance, flexible benefit packages with a cash option or salary sacrifice arrangements. Under the OpRA rules the value of the benefits in kind is the higher of the amount of earnings given up, or the value under the standard rules.

HMRC is aware that some employers are entering their employees into arrangements that seek to get around the OpRA rules, which are dependent on the definition of earnings. They do this by paying an amount of money, which would otherwise be classified as earnings, through a loan facility.

Income tax and National Insurance contributions may be due on these earnings and HMRC may challenge such arrangements. It is the employer's responsibility to ensure the accuracy of their tax return and to understand the consequences of their decisions actions. If you want to speak to someone about the use of this arrangement you should contact HMRC on 03000 530435.

Re-enrolment of staff back into a workplace pension scheme is a two-stage process

Employers must carry out re-enrolment every three years. It is a two-stage process. Firstly, staff who opted out of their workplace pension must be put back in. Secondly, employers must complete and submit the online re-declaration of compliance form to show The Pension Regulator how they have met this responsibility.

Re-enrolment is a straightforward two-stage task but employers should ensure they leave enough time to carry it out correctly. Visit [The Pensions Regulators website](#) for more information.

Student/Postgraduate Loan notices

From 6 April, there are two loan types in operation. You will now receive either a Student Loan (SL1) and/or Postgraduate Loan (PGL1) start notice, asking you to start taking deductions.

It is important that you check the notice and take deductions under the correct loan and plan type and record them correctly on your Full Payment Submission.

If you don't HMRC will either:

- contact you to ask you to stop taking deductions under the wrong loan or plan type and start taking deductions under the correct one by:
 - phone
 - post through issuing an SL2/PGL2 and SL1/PGL1 or
 - Generic Notification Service messages to your PAYE online account
- ask you to stop and refund the incorrect deductions if you are able to.

More information can be found in [Employers Bulletin issue 77](#) and [Student Loan/Postgraduate Loan repayment guidance for employers](#).

Business Tax Account

The Business Tax Account has been updated to show a combined total for both Student Loan and Postgraduate Loan Deductions.

More Frequent Data Sharing (MFDS)

In [February's Employer Bulletin](#) we told you that from April 2019 HMRC would start to share PAYE student loan repayment information with Student Loans Company (SLC) more frequently. This has now been successfully running for two months meaning HMRC are sharing data with SLC weekly. You should continue to report student loan deductions to HMRC in the same way as you currently do. HMRC sends the information you report on your Full Payment Submission to SLC who will update your employee's student loan balance based on the date and amount you have reported. SLC and your employee will have greater visibility of this information therefore it is important that accurate and timely deductions are made as your employee may ask you to check and confirm the information if there are discrepancies.

Disguised Remuneration Loan Charge

In the [April 2019 Employer Bulletin](#) we reminded you about the disguised remuneration loan charge that came into force on 5 April 2019 and your responsibilities if you are subject to the loan charge.

If you provided all the required settlement information to us by 5 April 2019 and are still in the process of settling, you should take the necessary actions by the dates specified in our correspondence. If you do this, the [November 2017 settlement terms](#) will remain available to you and the loan charge requirements won't apply.

If you do not reach settlement by the date specified in our letter of offer, you must report any outstanding loans with which you rewarded current or former employees as employment income, and pay the loan charge.

If you are not in the settlement process, you should have [reported and paid the loan charge](#) on any outstanding loans by 22 April 2019. If you have not done this, contact us on **03000 599110** as soon as possible to discuss what you must do.

Letters to Employers

HMRC is aware that some individuals have written, what appear to be, template letters to companies claiming that they were employed by them in the past, and seeking confirmation that you, as the claimed employer, will account for the loan charge on their behalf.

If you are or were the end user of an individual's services, and the contractual terms provide no evidence that you employed the individual, then it is unlikely you need to make any report or pay the loan charge on the individual's behalf.

Please refer to the [loan charge reporting guidance](#) or contact us on **03000 599110** if this issue affects you and you need further help.

Webinar

On 12 July 2019 we will be hosting a webinar about loan charge compliance and reporting requirements. This webinar is primarily aimed at agents, so if you have one you may wish to make them aware that the webinar will be taking place. You are also welcome to join the webinar yourself. The details on how to join the webinar are [here](#).

The General Data Protection Regulations/Data Protection Act 2018 - Have you paid the annual data protection charge?

All businesses (including sole traders and partnerships) that process personal data are required to pay an annual data protection charge to the Information Commissioner's Office (ICO) unless a relevant exemption applies. It is a legal requirement to pay the charge, and failure to do so could result in a fine, but it also makes good business sense as it could have an impact on your business reputation. Once you have paid, your business details are published on the Information Commissioner's register of data controllers.

There are three levels of charge payable:

1. Micro organisations (including sole traders) pay £40;
2. Small and medium organisations pay £60; and
3. Large organisations pay £2,900.

Payments made by direct debit will automatically receive an annual £5 deduction.

In order to determine if payment is necessary, you can use the [self-assessment tool](#) on the ICO website. It is also important to make sure you are paying the correct level of charge – the [charge-assessment tool](#) will indicate the level you are required to pay.

If you are a data controller and do not pay the charge, or you pay the incorrect charge when required to do so, then you risk enforcement action by the ICO. The maximum fine is £4,350.

Professional fees and subscriptions: List 3 updates

List 3 shows all organisations whose members qualify for a tax deduction on professional fees and subscriptions pertaining to that organisation. HMRC updates this list on a monthly basis with new organisations that have been approved, organisations that have changed name, or organisations that have been removed from the list.

An update was made on the [GOV.UK page for List 3](#) on 27 March 2019 stating that 12 organisations had been added to the List and four organisations had changed name, without naming the organisations in question. A further update was then made on 4 April 2019 which clarified the names of these organisations. HMRC apologises for any confusion that may have been caused. All future updates to the GOV.UK page for List 3 will name the organisations which have been added, changed, or removed.

Contractors operating CIS - new VAT reverse charge on building and construction services

Are you a contractor or an employment business operating the Construction Industry Scheme? If so, you need to know that this reverse charge 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 businesses, 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 CIS, but does not include supplies of staff or workers by employment businesses;

- 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.

Help your employees make school holidays easier with Tax-Free Childcare

The time is fast approaching when lots of employees will be requesting time off to cover childcare arrangements for the school holidays.

Did you know there is a government scheme available that can help contribute towards childcare costs which may mean fewer of your employees will need time off at the same time.

Tax-Free Childcare is a government scheme available to working parents with children from 0-11 years.

We know some parents are still missing out on the benefits of Tax-Free Childcare.

We'd welcome help from employers in changing that, so please tell your employees about Tax-Free Childcare and how it can reduce their childcare costs.

Eligible parents can get up to £2,000 per child, per year to spend on qualifying childcare.

For example: employees with 2 children, it could be a £4,000 per year saving on the family's budget.

Tax-Free Childcare isn't just for everyday childcare costs, such as, childminders, nurseries and nannies, parents can also use it to pay towards the cost of (qualifying):

- after school clubs
- summer camps
- school holiday activities.

To apply, please tell your employees to visit www.childcarechoices.gov.uk

How to quickly confirm National Insurance numbers

When taking on a new employee you will need to know their National Insurance (NI) number. The quickest way to obtain this, if your employee doesn't know it, is to ask them to use the HMRC App or their personal tax account (PTA) where they can view, print proof and share an image of their NI number.

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

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 their 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.](#)
- Find their NI number on previous payslips, P60s, or letters about tax, pensions and benefits.
- [Complete a form](#) and get us to post their NI number to their home address.
Please note it can take up to 15 days for them to receive their NI number by post.
- 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 as it helps ensure our records are correct, prevents incorrect information being issued and ultimately prevents more work for employers and HMRC.

Admin Burden Advisory Board 2019 Annual Report

Admin Burden Advisory Board (ABAB) is a group of small and medium business operators and advisers who meet regularly with HMRC and report annually, as an independent body, to the Financial Secretary to the Treasury (FST). Their primary goal is to ‘make a noticeable difference’ for small and medium sized businesses (SMEs), particularly in relation to the administrative burdens imposed by the tax system. If you have any comments on the 2019 ABAB Annual Report or any suggestions you would like ABAB to consider, please submit these via the ABAB Mailbox: advisoryboard.adminburden@hmrc.gov.uk

The Annual Report can be found [here](#).