



## Welcome

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

This edition has an updated article from our Brexit Special about changes for UK employers sending workers to the EU, the EEA or Switzerland, in the event the UK leaves the EU without an agreement.

It also contains some important information around PAYE Settlement Agreements, VAT reverse charges, changes to Employment Allowance eligibility, and an update regarding Disguised Remuneration.

There's a useful article on page 4 detailing guidance for employers reporting PAYE information in real time when payments are made early over the festive period. We've also provided a further update on reporting payroll information which originally featured in our August issue.

As always we'll 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 [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 [scott.milne@hmrc.gov.uk](mailto:scott.milne@hmrc.gov.uk) Your feedback is always most welcome.

*Scott*

Scott Milne  
Editor

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# Changes for UK employers sending workers to the EU, the EEA or Switzerland

In the event the UK leaves the EU without an agreement, there may be changes for UK employers who have people working in the EU, the EEA or Switzerland.

Currently the EU Social Security Coordination Regulations ensure employers and their 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 an agreement, the coordination between the UK and the EU will end.

This will mean that your employees working in the EU, the EEA or Switzerland may need to make social security contributions in both the UK and the country in which they are working at the same time.

Businesses will need to do the following to prepare:

- If your employee is currently working in the EU, the EEA or Switzerland and has a UK-issued A1/E101 form, they will continue to pay UK National Insurance contributions for the duration of the time shown on the form
- However, 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 your employee needs 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 your employee is a UK or Irish national working in Ireland, their position will not change after Brexit, they are covered under the international agreement signed by the UK and Ireland in February 2019. You, as their employer, won't need to take any action
- A replacement for the A1/E101 form will be issued for new applications after Brexit. This ensures your employee continues to make UK National Insurance contributions to maintain their 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 by seeking 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, the EEA or Switzerland after Brexit please go to the [new information on GOV.UK](#). Further information will be published as it becomes available.

## EU, EEA or Swiss citizens working in the UK

Employees will not need to pay UK National Insurance contributions if they're employed mainly in one or more EU, EEA countries or Switzerland but carry out limited work in the UK and meet certain conditions. The conditions will be published after Brexit.

This applies whether or not they have a valid A1/E101 form.

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# PAYE Settlement Agreements and Welsh rate of Income Tax

## Simplifying PAYE Settlement Agreements

A PAYE Settlement Agreement (PSA) is a statutory arrangement, which allows employers to make one single payment to cover all the tax and National Insurance contributions due on minor, irregular or impracticable expenses or benefits for their employees.

## Do you have employees who live in Wales?

Welsh rates of Income Tax were introduced on 6 April 2019. This means that people living in Wales could pay a different rate of Income Tax compared to people in other parts of the UK. This may affect you if you currently have a PAYE Settlement Agreement (PSA), or plan to enter into one in the future.

You will need to record separately any employees who are subject to the Welsh rate of Income Tax (they can be identified, as their tax code will begin with a C), as you currently do with Scottish, English and Northern Ireland rates of Income Tax. The employer rates and thresholds can be found [here](#).

For PAYE Settlement Agreements in relation to the tax year beginning 6 April 2019, you must ensure you consider the following when completing your return:

- Employees who pay [English or Northern Ireland Income Tax](#)
- Employees who pay [Scottish Income Tax](#)
- Employees who pay the [Welsh rate of Income Tax](#).

If you have any employees who live in Wales, please ask them to make sure that HMRC has their up-to-date private address so they pay the correct amount of Income Tax. They can check this on GOV.UK if they have a personal tax account or by going to GOV.UK and typing 'update address details' into the search bar.

## Making your PAYE Settlement Agreement payment

Some PAYE Settlement Agreement (PSA) customers may not have received a payslip confirming the amount owed under their PSA arrangement for the 2018 to 2019 tax year.

You should still pay any tax and National Insurance you have worked out is due under your PSA by 22 October 2019 (19 October 2019 if paying by post) even if you have not received confirmation of your calculation or a payslip. Any electronic payments for your PSA must clear into the HMRC bank account by 22 October 2019.

Further information can be found at [PAYE Settlement Agreements: Deadlines and payment](#).

When making your payment you should quote your unique PSA customer account reference number, which is shown on your PSA confirmation letter. Don't use your PAYE Accounts Office reference to make your PSA payment. This is because payments received with your PAYE Accounts Office reference are allocated to your normal PAYE account and you will continue to receive reminders for the PSA even though you have paid. If you do not have your PSA reference number or are unsure about the action to take, please contact the PSA team on 0300 322 7077.

You may be fined or charged interest or a late payment penalty if you do not pay or your payment is late.

## Reporting payroll information accurately and on time

We understand that the article in the [August 2019 Employer Bulletin](#) 'Reporting payroll information accurately and on time' needs some clarification specifically around the RTI Full Payment Submission (FPS) field payment date.

The FPS must be submitted on or before the date that your employee is paid, this is the payday, unless the normal payment date falls on a non-banking day (Saturday, Sunday or bank holiday).

When a regular payday falls on a non-banking day payment is made on the:

- last working day before the regular payday
- next working day after the regular payday.

For PAYE purposes the payment may be treated as having been made on the regular payday. This is also the date that should be reported on the FPS as the 'payment date' even if the actual payment is made slightly earlier or later. For example, where an employee who is normally paid on the 26th monthly but is paid on the 25th in October 2019 (as the 26 October is a Saturday which is a non-banking day) the employee must have 26 October reported as the payment date.

For National Insurance contributions purposes the payment must be treated as if it had been made at its regular time, if the actual and regular payment days are in the same tax year. The payment may also be treated as having been made at its regular time when the payment dates cross a tax year.

Detailed guidance on this subject can be found at Point 1.8 of the [CWG2](#) Further Guide to PAYE and National Insurance contributions.

## Guidance for employers on reporting PAYE information in real time when payments are made early at Christmas

In December 2018, we wrote to employers to advise a temporary easement on reporting PAYE information in real time, as we know some employers pay their employees earlier than usual over the Christmas period. This can be for a number of reasons, for example during the Christmas period the business may close, meaning workers need to be paid earlier than normal.

Following feedback from employers and the Department for Work and Pensions (DWP) we have received approval to make this easement permanent. HMRC's employer guidance will be updated shortly.

If you do pay early over the Christmas period, please report your normal (or contractual) payday as the payment date on your Full Payment Submission (FPS) and ensure that the FPS is submitted on or before this date.

**For example:** if you pay on Friday 20 December 2019 but the normal/contractual payment date is Tuesday 31 December 2019, please report the payment date on the FPS as 31 December and ensure the submission is sent on or before 31 December.

Doing this will help to protect your employees' eligibility for Universal Credit, as reporting the payday as the payment date may affect current and future entitlements.

The overriding PAYE reporting obligation for employers is unaffected by this announcement and remains that you must report payments on or before the date the employee is paid, i.e. payday.

## VAT reverse charge on construction services - introduction delayed by 12 months

The Government has listened to the concerns raised by industry representatives and recognises that some businesses in the construction sector require more time to implement the VAT domestic reverse charge for building and construction **which was due to be introduced** on 1 October 2019. As this is close to the date the UK is due to exit the EU and to help these businesses by giving them additional time to prepare, the introduction of the reverse charge will be delayed for a period of 12 months, until 1 October 2020. Further information can be found in [Revenue and Customs Brief 10/2019](#).

The Government provided a long lead-in time for this measure. To help businesses get ready in the next 12 months, HMRC will continue to work closely with the construction sector to raise awareness and provide additional guidance and support to ensure all businesses will be ready for the new implementation date.

The Government remains committed to the introduction of the reverse charge. HMRC has put in place a robust compliance strategy for tackling fraud in the construction sector using tried and tested compliance tools, and will use this extra time to focus additional resource on identifying and tackling existing perpetrators of the fraud.

Further guidance about the VAT reverse charge can be found on [GOV.UK](#).

## Disguised Remuneration

### Review of the loan charge

The government announced an [independent review](#) of the loan charge on 11 September 2019.

You can find information on the review [here](#).

### Reporting disguised remuneration loans in error

We have received a number of Full Payment Submissions (FPS) from employers who are incorrectly reporting Disguised Remuneration payments.

Further information about how they should have been reported can be found [here](#).

Disguised remuneration loans should only be reported where:

- employee remuneration has been provided in the form of loans to avoid paying Income Tax and National Insurance contributions, and
- these loans are outstanding and are therefore subject to a tax charge known as the ‘loan charge’.

Some employers appear to be reporting amounts in error, for instance, to report an employee loan or advance. These amounts should not be reported as ‘Disguised Remuneration’.

If you have inadvertently reported disguised remuneration figures to us you do not need to take any action as this does not affect the employer payment position.

### Non-reporting of the loan charge

If you are subject to the loan charge, and are not in the process of settling with HMRC, you should have [reported and paid what you owe](#) by 22 April 2019.

We will be writing to employers who have not fulfilled their loan charge reporting responsibilities. If you would like to discuss the letter, or you think you have received it in error, please contact us using the details set out in the letter.

## Termination payments: Post Employment Notice Pay for employees paid by equal monthly instalments

Where an employee is paid by 12 equal monthly instalments but his/her notice period is expressed in days or weeks, the formula prescribing the calculation of Post-Employment Notice Pay (PENP) for Termination Awards gives differing results depending on when in the year the notice is given.

In these circumstances the following alternative calculation may be used:

Where:

- the last pay period of the employee relevant to the PENP calculation is a month; and
- the employee’s salary is paid by 12 equal monthly instalments, but
- the employee’s notice is expressed to be a whole number of days or weeks,

employers may substitute 30.42 (being 365/12) as the value of P in the PENP calculation where this is to the advantage of the employee.

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## PAYE Desktop Viewer Update

The PAYE Desktop Viewer (PDV) has been updated to version 2.47. This update is just for general maintenance and does not alter the functionality of the tool. However, it is important that you update PDV so that you are always using the latest version.

If you haven’t done so already, please [download the updated version](#).

# The current PAYE special arrangement under Regulation 141 for Short Term Business Visitors is changing

From 6 April 2020, the current PAYE special arrangement for employers with short term business visitors (STBVs) from overseas branches or territories with which the UK does not have a Double Taxation Agreement will be known as ‘STBV Appendix 8’ and will be changing.

What this means for you:

- **an increase in the UK workday limit from 30 to 60 days from 6 April 2020 onwards (the 2020 to 2021 tax year)**
- **the filing and payment deadlines will change to 31 May 2021 (for the 2020 to 2021 annual return) onwards.**

The reason for these changes is to give you more time to complete your return and pay the money you owe. The changes also provide the scope for you to include more employees within your arrangement (under these terms), for example those who work in the UK for you between 31 and 60 workdays.

The way you file returns and make payments won't change; you should continue to use existing channels.

If you are using the current PAYE special arrangement, you will need to sign-up to the new Appendix 8. We will write to you with more information on how to do this later this year.

Please note that the filing and payment deadlines for 2019 to 2020 annual return will remain as 19 April 2020 and 22 April 2020 respectively. The UK workday limit for the 2019 to 2020 tax year will remain as 30 workdays.

We will provide further information for those employers who wish to apply for a Special Arrangement for the first time from 6 April 2020 nearer the time.

Further information about the current special arrangement can be found in the [PAYE Manual](#) on GOV.UK.

# Do your employees have the right tax code?

There are different tax codes for employees living in Scotland or Wales.

For employees living in Scotland their code should include an ‘S’ prefix (e.g. S1250L).

Following the introduction of the Welsh rates of Income Tax from 6 April 2019, you should have received a notification (P9) advising you of a change to tax codes for employees living in Wales. Their code should include a ‘C’ prefix (e.g. C1250L).

If you have not acted on the P9 HMRC issued before the start of the new tax year you may have received an updated tax code (P6) notification at the end of June.

You can check if you have received an updated notification by accessing the new tax code in [PAYE Online](#) (in ‘tax code notices’), the [PAYE Desktop Viewer](#) application (see article on page 5 for latest version), or in your payroll software (if it has this feature).

If you have received a tax code notification, you need to update your employee payroll record with their new tax code before you next pay your employee. If you enter address details for your employees on your Full Payment Submission (FPS), please ensure it is correct. Incorrect information may affect employees’ records on our systems.

Your payroll software provider may require you to apply an update in order to operate the ‘S’ or ‘C’ code for the 2019 to 2020 tax year. If you are having any problems with your software, please contact your software provider for guidance.

For further information on the Scottish and Welsh rates of Income Tax visit GOV.UK:

- [Guidance on rates and thresholds for employers 2019 to 2020](#)
- [Scottish rates of Income Tax](#)
- [Welsh rates of Income Tax](#).

Employees can ensure that their address details are up-to-date in their Personal Tax Account, or by going to GOV.UK and typing ‘update address details’ into the search bar.

# Employment Allowance reform - eligibility rules for the Employment Allowance are changing from April 2020

Employment Allowance will be restricted to employers with National Insurance contributions (NICs) liabilities of under £100,000 in the previous tax year from 6 April 2020.

- Employment Allowance can only be claimed if total qualifying employers' (secondary) Class 1 NICs liability in the previous tax year was less than £100,000. If you have multiple PAYE schemes or are part of a connected group of companies, the employers' (secondary) Class 1 NICs liabilities of all companies, and/or PAYE schemes, needs to be added together to assess eligibility for Employment Allowance.
- The allowance can only be claimed once across all your PAYE schemes and connected companies. You'll need to decide which PAYE scheme to set the claim against.
- Employment Allowance claims will need to be submitted each tax year. Claims will not automatically roll over from the previous tax year.

Look out for more information in the coming months.

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## Do you claim the Apprenticeship Levy Allowance or Employment Allowance?

Employers are submitting claims to either the Apprenticeship Levy and/or the Employment Allowance that may be incorrect.

The Apprenticeship Levy and the Employment Allowance have a number of eligibility criteria that prevent PAYE schemes/employers from claiming the annual allowances.

The attached links to GOV.UK refer:

[Apprenticeship Levy](#)

[Employment Allowance](#)

Both the Apprenticeship Levy and the Employment Allowance eligibility rules will impact employers differently depending on the size and nature of your business. For example, both the Apprenticeship Levy and Employment Allowance eligibility rules restrict the allowance to “connected party” employers. If you are an employer that is part of a larger group of companies, it is essential that your group has a clear and robust policy on which PAYE scheme will make a claim to the allowances so that you claim only the allowance(s) that you are entitled to.

If you currently claim either of these allowances we recommend you check your eligibility again just to make sure you have claimed correctly. Generic Notification Service (GNS) messages will shortly be issued to prompt employers to conduct an internal review of their allowance claiming policy, raise awareness of the specific eligibility restrictions and to ensure employers are claiming only the deductions they are entitled to.

If you discover you have claimed incorrectly then you should correct any errors as soon as possible and repay the sums claimed in error. Guidance on how to correct errors can be found within GOV.UK.

[Apprenticeship Levy](#)

[Employment Allowance](#)

The [August 2019 edition](#) of the Employer Bulletin highlighted the importance of GNS messages to employers and gave advice on how to access these messages.

We will be making full use of GNS messages in the future to deliver educational prompts designed to support employers in making complete and accurate PAYE submission in real time. We continue to encourage employers to access these GNS prompts frequently and to ensure that the content of the GNS message is directed to the appropriate payroll manager within your organisation.

# Changes to company car tax regime

## Ultra-Low Emission Vehicles

To support the Government's commitment to improving air quality in towns and cities we are adjusting the car and car fuel benefit calculation.

From 6 April 2020, we are introducing 11 new bands for ultra-low emission vehicles (ULEVs) including a separate zero emissions band.

If a car has a CO<sub>2</sub> emission figure of 1-50g/km you will now need to provide the car's zero emission mileage. This is the distance that the car can travel in miles on a single electric charge.

# Student and Postgraduate Loans

## Student Loan or Post Graduate loan stop prompts

In September, HMRC started to send Generic Notification Service (GNS) messages to employers who continue to take Student Loan or Postgraduate Loan (PGL) deductions from their employee after a stop notice (SL2 or PGL2) has been issued.

The GNS messages:

- are a prompt for employers to stop making deductions from the next available pay day
- work in the same way as our other GNS Student Loan/PGL prompts
- are delivered to employers' PAYE online accounts.

Employers who continue to take deductions will receive a maximum of 2 GNS message prompts for each tax year, for each employee and loan type they incorrectly deduct under.

There will be 8 potential notices depending on whether the employee was a Student Loan borrower, a PGL borrower or they never had a loan. The GNS messages will be titled:

- I. Student Loan stopped borrower Prompt 1
- II. Student Loan stopped borrower Prompt 2

- III. Postgraduate Loan stopped borrower Prompt 1
- IV. Postgraduate Loan stopped borrower Prompt 2
- V. Student Loan non borrower Prompt 1
- VI. Student Loan non borrower Prompt 2
- VII. Postgraduate Loan non borrower Prompt 1
- VIII. Postgraduate Loan non borrower Prompt 2.

It is important that employers action the stop prompts as this could prevent their employees from over repaying their Student and or Postgraduate loans.

Our GOV.UK guidance '[Student Loan and Postgraduate Loan repayments: guidance for employers](#)' has been updated to include information on these prompts.

## Student and Postgraduate Loans Plan 1 and Plan 2 thresholds and rates from 6 April 2019

The thresholds for Plan 1 and Plan 2 Student Loans are increasing from April 2020.

The current thresholds for the tax year 2019/20 are:

- Plan 1 – £18,935
- Plan 2 – £25,725

The Department for Education (DfE) have confirmed that from 6 April 2020 the thresholds will increase to:

- Plan 1 – £19,390
- Plan 2 – £26,575

Student loan deductions will remain the same at 9% for Plan 1 and Plan 2 loans.

The current threshold for 2019 to 2020 tax year for Postgraduate loans is £21,000.

DfE have confirmed that from 6 April 2020 the threshold will remain at £21,000 for Postgraduate loans. Earnings above £21,000 will be calculated at 6%.

# Advisory Fuel Rates

## Advisory Fuel Rates from 1 September 2019

If you have employees who are company car users then please note there have been some changes to the Advisory Fuel Rates from 1 September 2019. There has been no change to the Advisory Electricity Rate for fully electric cars. All rates will be kept under review and can be found [here](#).

## Your automatic enrolment duties as a new employer

Your legal duties begin on the day your first member of staff starts work. This is known as your duties start date. Every employer in the UK must put certain staff into a workplace pension scheme and pay into it. This is called ‘automatic enrolment’.

Even if you think you won’t need to put your staff into a scheme, as an employer you’ll still have duties. It only takes a minute to use The Pensions Regulator’s (TPR) [online tool](#) to quickly work out what you need to do and how to meet your duties.

As a new employer, TPR will write to you and issue you with a letter code. It’s important you keep the letter code safe as you will need this to help you complete your duties.

If you are not an employer, automatic enrolment duties do not apply to you. Check if you meet the criteria for “not an employer” on [TPR’s website](#). If you do meet the criteria, [contact TPR](#) as soon as possible to let them know.

## 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.

## 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](#)
- to avoid a penalty, notify HMRC and register for Self-Assessment and submit a 2018 to 2019 return before 31 January 2020 and pay what is due.

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.

They can opt out of claiming Child Benefit payments so they won’t have to pay the charge but will still receive the National Insurance credits. For more information see [stop child benefit guidance](#).

# Childcare vouchers

## Stockpiled Childcare Vouchers

We're aware of some employees who have significant stockpiles of vouchers which they cannot spend because their circumstances have changed.

We expect employers to make sure employees are aware of how much in vouchers they have, and any terms which employers or voucher providers have set about vouchers expiring. Often employees appear to forget the terms that they signed up to, and it may be necessary to remind those still within the voucher scheme.

This is to avoid creating a situation where employees are left with a stockpile of unused vouchers. Question 4 in the Frequently Asked Questions below details the process of potentially refunding unused vouchers.

## Childcare Vouchers and Tax Free Childcare

### Frequently Asked Questions

Below you'll find answers to some of the common questions we get asked about childcare vouchers and Tax Free Childcare (TFC). If you operate a voucher scheme, it explains what you as an employer will need to do in certain situations, as well as some general information for you to pass on to your employees.

#### 1. Can employees still join the voucher scheme?

No, childcare voucher schemes closed to new entrants in October 2018. Some may be eligible for Tax-Free Childcare instead, and they can find further information on all the government childcare support available on the [Childcare Choices website](#).

#### 2. An employee used to receive childcare vouchers; however, they left the scheme in favour of TFC and informed their employer at the time. Can they return to the voucher scheme?

No, if they have notified their employer that they wish to stop receiving vouchers, they cannot return to the vouchers scheme. They can use up any vouchers they have from before they claimed TFC to pay for childcare.

#### 3. A business has been taken over by a new company, can an employee of that business still get vouchers/can they start getting vouchers?

If they move employers under a business transfer covered by the Transfer of Undertakings (Protection of Employment) (TUPE), their terms and conditions of employment remain the same.

If they were part of a voucher scheme on or before 4 October 2018 and are subject to TUPE, they can join their new employer's existing childcare voucher scheme if they offer one.

#### 4. Can childcare vouchers be refunded?

Refunding unused vouchers is at the discretion of the employer and will depend on the contractual arrangements of the scheme. If an employer does make a refund to the employee, the employer will need to deduct PAYE tax and National Insurance contributions before making the refund to employees. This applies to both current and former employees.

If the company no longer exists, the voucher provider may refund the employee directly. This will depend on the contract between the company and the voucher provider.

To avoid a situation where employees are unable to obtain a refund on existing vouchers, we encourage parents to use their childcare vouchers on qualifying childcare instead of stockpiling them.

#### 5. An employee has taken a break from their voucher scheme, can they start receiving vouchers again?

Yes, if they have not changed jobs since 4 October 2018, not told their employer to stop giving them childcare vouchers because they had joined Tax-Free Childcare, and have received a voucher from their employer's scheme within the last 52 weeks.

#### 6. How does an employee know if they will be better off with childcare vouchers or Tax Free Childcare?

There's a childcare calculator on the [Childcare Choices website](#). This will help them decide what scheme is best to suit their circumstances.

#### 7. An employee currently receives childcare vouchers and wants to apply for 30 hours free childcare only. Can they do this without giving up their vouchers?

Yes. They can claim 30 hours free childcare at the same time as Childcare Vouchers.

More information on getting help with Childcare Costs can be found [here](#).

# Trivial Benefits in kind

## Trivial Benefits – You and your employees will benefit if you provide and record them correctly

Did you know that the rules on the exemption from tax and NICs for Trivial Benefits apply to the provision for employees of ‘a benefit’?

A benefit can be the provision of one item/event, or the provision of a series of items/events which together constitute a single benefit.

Please look at **Example D in the Employment Income Manual at [EIM21865](#)**:

Employer D gives an employee a gift card which costs the employer £10 to provide. The employer tops up the gift card on 7 further occasions, at a cost of £10 on each occasion. Although the benefit is topped up on separate occasions, there is a single benefit of the provision of the gift card. The total cost to the employer of providing the benefit over the period of employment is £80. Therefore the benefit is not exempt as a trivial benefit.

As you can see, what might appear to be several individual benefits can actually be a **single benefit** provided over the tax year.

This will help you understand what ‘a benefit’ is under the trivial benefit rules.

### Season tickets

Another example is a season ticket for a football club (where the cost of the ticket averages out at £40 a match).

If you give your employee access to the ticket **once** during a tax year, then that benefit is trivial and is not taxable under the rules.

However, if the same employee has access to the season ticket twice or more during a year, the **benefit of the access to the ticket** is a single benefit and is not trivial.

Please note that it is the provision of that access that:

- Makes it a benefit
- Once the cost of provision exceeds £50 it takes it out of the trivial benefits exemption.

Other common areas of error are in relation to the repeated provision of connected staff entertaining, or access to app-based services such as the provision and payment for taxis.

There are other examples to help you understand the exemption get the treatment right in the [Employment Income Manual \(EIM 21864 to EIM 21871 inclusive\)](#).

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## Paying for fitness equipment

There are schemes available to help employers encourage employees to improve their wellness where the employer pays some or all of a finance agreement on various items such as fitness bands or bicycles. Some of these schemes claim to be non-taxable on the employee and therefore a cost-effective way for employers to promote a healthier lifestyle for their employees.

However there are times when these schemes should be classed as earnings:

- When they require the employee to enter into a third party finance agreement to obtain an asset (such as a fitness band or a bicycle), and
- When the employer makes payments to cover a proportion or all of the repayments based upon the success of the employee.

In these instances the employer should deduct Income Tax and Class 1 National Insurance Contributions and pay it over to HMRC in the normal way through PAYE.

For more information on meeting an employee’s pecuniary liability please see our guidance: [Expenses and benefits: personal bills](#).

Additionally, there is more detailed guidance in the [Employment Income Manual](#).