



Welcome

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

This edition has some important information regarding the review of off-payroll working rules, the latest National Insurance contributions and Statutory Payments rates, an update for reporting expenses and benefits, and a timely reminder for end of year reporting.

There's a quick survey for small businesses to complete where you can provide us with valuable feedback, a new digital tool for businesses exporting goods out of the UK market, as well as useful information regarding Workplace pensions, Student/Postgraduate Loans and the latest update regarding Parental Bereavement Leave and Pay.

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 [new email alerts](#). You can also follow us on twitter [@HMRC.gov.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 Your feedback as always is most welcome.

Scott

Scott Milne
Editor

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Review of off-payroll working rules from April 2020

The government has commissioned a [review](#) of the upcoming reform to the off-payroll working rules. The review will consider whether there are any further steps the Government can take to ensure the smooth and successful implementation of the reform, which is due to come into force on 6 April 2020.

The reform, announced in the 2018 Budget, is designed to tackle non-compliance with off-payroll working rules by making medium and large organisations in the private and third sectors responsible for determining the tax status of contractors. After consultation, the Government announced that the reform would not apply to engagements with small businesses. Since then HM Revenue and Customs (HMRC) has run and responded to a further consultation on the detailed design of the reform, and draft legislation was [published on GOV.UK](#) in July 2019.

Education and Support

To further support businesses, on 22 August 2019, HMRC published [guidance](#) on the actions businesses and intermediaries could take to prepare.

We have also now published draft technical guidance for the reform of the off-payroll working rules in the Employment Status Manual (ESM) to provide further details on the operation of the rules from 6 April. This guidance can be found [on GOV.UK](#).

HMRC has published a [factsheet](#) for contractors which you can download and give to contractors who have questions about the reform.

We are also running a series of webinars which give an update to the reform of off-payroll working rules from April 2020, for engagements with the public sector and medium and large sized organisations.

These will take place on the following dates:

- Wednesday 19 February 12.00
- Wednesday 26 February 12.00
- Tuesday 17 March 13.00
- Thursday 26 March 12.00

You can enrol for these [webinars here](#).

Our webinars are part of a wider education and support package being offered by HMRC which includes writing directly to employers and engagers who could be affected with further information.

Enhancements to the Check Employment Status for Tax (CEST) service and supporting guidance

On 25 November 2019, after extensive work with over 300 stakeholders, we published enhancements to the CEST service and supporting guidance. Here are the links for the [CEST Tool](#) and the [guidance](#).

NIC thresholds and Statutory Payments rates 2020-2021

National Insurance thresholds 2020-2021

The government confirmed on 30 January that around 31 million taxpayers will benefit from a tax cut, as National Insurance contributions thresholds rise to £9,500 per year. A typical employee will save around £104 in 2020-2021, while self-employed people, who pay a lower rate, will have £78 cut from their bill. All the other thresholds will rise with inflation, except for the upper NICs thresholds which will remain frozen at £50,000, as announced at Budget 2018.

The threshold changes will not affect low earners' entitlement to contributory benefits such as the State Pension, with the Lower Earnings Limit and Small Profits Threshold, above which individuals start building entitlement to contributory benefits, rising with inflation.

Further details can be found [on GOV.UK](#).

Statutory Payments 2020-2021

The proposed Statutory Payments rates have also been [published](#).

Electronic payment deadline falls on a weekend

In February, the electronic payment deadline of the 22nd falls on a Saturday. To make sure your payment for that month reaches us on time, you need to have cleared funds in HMRC's account by the 21st unless you are able to arrange a Faster Payment.

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

So that you know what date to initiate your payment, you 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.

Find out more about paying us electronically [on GOV.UK](#).

Student and Postgraduate Loans

Student Loan and Postgraduate Loan Thresholds for April 2020

The thresholds for Plan 1 and Plan 2 Student Loans are increasing from 6 April 2020.

The Department for Education has confirmed that the thresholds will increase to:

- **Plan 1** – £19,390
- **Plan 2** – £26,575.

Student Loan deductions will be calculated at 9% for Plan 1 and Plan 2 loans.

- **Postgraduate Loan** threshold will remain the same at £21,000.

Postgraduate Loan deductions will be calculated at 6%.

Student and Postgraduate Loan start notice (SL1/PGL1)

It is important that you take the correct action to start Student and or Postgraduate Loan (PGL) deductions as soon as possible and that you record the deductions correctly on your Full Payment Submission.

This ensures that your employee does not pay any more or less than they have to.

If you receive a Student Loan and or PGL start notice (SL1/PGL1) from HMRC, it is important that you check and use the correct:

- loan/plan type on the start notice.
- start date shown on the notice and take deductions from the next available pay day.

If the earnings are below the Student Loan and/or PGL thresholds, update the employee's payroll record to show they have a Student Loan and/or PGL and file the start notice. Deductions should continue until HMRC notifies you to stop.

Further information can be [found on GOV.UK](#).

Remember to;

1. check your online account for Student Loan and or Postgraduate Loan start and stop notices.
2. let us know if your email or correspondence address has changed.

Get ready for the rise in the National Minimum and National Living Wage rates on 1 April 2020

The National Living Wage, which is the statutory minimum for workers aged 25 and over, will increase by 6.2% to £8.72 per hour on 1 April 2020.

National Minimum Wage rates for younger workers will also increase above inflation. As the minimum wage increases more employers than ever will be directly affected, including some of those who currently pay above the minimum.

Check out the [new rates](#) and see if they impact your business.

For further information on paying the National Minimum Wage correctly you can register for one of our [live webinars](#) in March.

End of year reporting 2020

It's time to prepare for making your last Full Payment Submission (FPS) or Employer Payment Summary (EPS) of the year

Your last FPS or EPS of the year (up to and including 5 April 2020) needs to include an indicator that you're making the final submission. This tells us you've sent us everything you expected to send, and we can finalise our records for you and your employees.

Some commercial payroll software won't let you put the indicator on an FPS. If that's the case, send your last FPS and then send an EPS with the indicator ticked. You can also send an EPS with the indicator ticked if you forgot to put the indicator on your last FPS submission for the tax year.

You also need to give your employees a P60 if they were in your employment on 5 April 2020. You've got until 31 May 2020 to do this.

If you're not going to pay anyone again this tax year, remember to send an EPS with the indicator ticked to show you didn't pay anyone in the final pay period and it's the final submission. You have until 19 April 2020 to do this, but you'll get a message from the Generic Notification Service if you file it after 11 April 2020.

There is guidance on how to submit this information successfully, [on GOV.UK](#).

Parental Bereavement Leave and Pay

Overview:

The Government intends to introduce a new entitlement to Parental Bereavement Leave and Pay from April 2020. This will provide parents who lose a child or suffer a stillbirth with a day-one employment right to take two weeks off work. Eligible parents will be entitled to two weeks' statutory pay.

The Department for Business, Energy and Industrial Strategy laid the regulations to implement this right in January 2020. Subject to Parliamentary agreement, the new entitlement will apply to deaths or stillbirths on or after 6 April 2020.

A high-level summary of two key aspects of the policy is provided below. Full guidance is forthcoming.

Definition of a 'bereaved parent':

This will capture a broad range of 'parents', including adoptive parents, parents of a child born to a surrogate, parents who are fostering to adopt, as well as individuals who have been caring for the child in their own home, continuously for a period of 4 weeks ending with the date of death, with responsibility for the child's care during that time.

Notice and evidence requirements:

Parental Bereavement Leave

An employee will not need to provide written notice for Parental Bereavement Leave. The length of notice required for leave will vary depending on whether the employee intends to take leave within the first 8 weeks following the death (Period A), or later (Period B).

- For leave taken in Period A, the employee will need to notify their employer before they would be due to start work on the first day of absence.
- For leave taken in Period B, the employee will need to provide notice at least one week before the start of the leave period.

Statutory Parental Bereavement Pay (SPBP)

An employee must provide written notice for SPBP within 28 days beginning with the first day of the week in which SPBP is being claimed, stating the dates of the period(s) to which the claim relates.

At the same time, an employee must also provide in writing to the employer the specified information:

- The employee's name
- The date of the child's death
- A declaration that the person meets the conditions of eligibility.

Unlike leave, the length of notice required for SPBP does not vary depending on when the entitlement is taken.

The Parental Bereavement (Leave and Pay) Act 2018 applies only to Great Britain. At the current time, no legislation to introduce parental bereavement leave or pay has been introduced in Northern Ireland, therefore, the measure will not apply in Northern Ireland.

Preparing for changes to Employment Allowance

Employers must make extra checks to work out whether they are eligible. A new claim for Employment Allowance (EA) needs to be submitted once each tax year, as claims will not automatically renew each tax year.

You can find more [information here](#).

Employers' (secondary) Class 1 National Insurance Contributions threshold check

- EA 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 EA.
- The allowance can only be claimed once across all your PAYE schemes and connected companies. You'll need to decide which one PAYE scheme to set the claim against.

By targeting the allowance in this way, it means that EA will be operated as **de minimis State aid**.

De minimis State aid rules **will** apply if businesses engage in economic activity, this means providing goods or services to the market, this will apply to most businesses.

Extra checks will be required, if businesses have received de minimis State aid from other sources

Employers must ensure that the relevant threshold for their business sector is not exceeded by receiving EA.

Claiming Employment Allowance

Employment Allowance will continue to be claimed through your EPS; by making the claim you are confirming you've assessed your eligibility for EA and won't exceed the de minimis State aid threshold.

You'll need to advise your payroll administrator if you are eligible or not.

If your business is undertaking economic activity, you'll need to provide your business sector(s) on the EPS – Agriculture, Fisheries & Aquaculture, Road Freight Transport or Industrial for everyone else.

If your business is not undertaking economic activity – you'll need to advise that State aid rules do not apply.

P9 Notice of Coding

P9 Notice of Coding email notifications will be sent from week commencing 10 February 2020 to 10 March 2020 advising that the coding for the tax year starting 6 April 2020 can be viewed online. When logging into the online account to view the P9 notices, please ensure the correct tax year is selected from the dropdown, 2020-2021.

If the P9 notices are still not showing, please log out and log back into the account the following day. This should allow the P9s to be viewed online. We expect paper P9 coding notices to arrive with employers on or around 21 March 2020.

If you do not receive your paper P9 notices in time for the first pay period on or after 6 April 2020, you can request a duplicate from the Employer Helpline on 0300 200 3200.

However, a request for a duplicate can only be made in respect of a full employer scheme and is not available for individual tax codes.

We will deal with your request as soon as possible but please allow 14 working days before contacting the Employer Helpline again. If your request involves a change of media type, (for example from paper to internet), please allow an extra five working days to give us time for our systems to update.

As income tax thresholds and rates for the UK government and devolved administrations will not be finalised until March, tax codes are calculated using 2019-2020 rates and thresholds for all parts of the UK.

After the Budget announcements, HMRC may need to carry out a recoding exercise to include changes to rates or thresholds. If this is the case, any changes will be issued to employers on a P6b. These codes should only be operated on or after the date shown on the P6b. Further information will be provided in due course.

Basic PAYE Tools – New Release

An update to the Basic PAYE Tools (BPT) will be released at the end of March to support the 2020-2021 tax year. It is important that you update to and are using version 20.0 from 6 April 2020. 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 [on GOV.UK](https://www.gov.uk) where you will also find comprehensive help on installing this software.

Mac users should be aware though, that from the March 2020 release, BPT updates and installation will be handled differently. Users will be notified of a new version in the application but will have to follow a link to download the full new version for macOS rather than receive the update automatically.

To then install BPT, you will need to simply open the installer image and “drag and drop” the BPT icon into your Applications folder. We recommend that you back up your BPT database before downloading and installing a new version of BPT.

From the March 2020 release, employers using BPT for payroll purposes will now be able to print off employee payslips. Production of and printing follows the same method as form P60 already in BPT.

A reminder on Benefits in Kind with Cash Allowances, Flexible Benefit Packages and Salary Sacrifice

A reminder that has been highlighted in previous Employer Bulletins: if you offer your employees cash allowances, flexible benefit packages with a cash option or salary sacrifice in return for a Benefit in Kind (BiK), the rules for these types of BiKs changed on 6 April 2017, as follows.

1. All BiKs are now valued at the higher of the cash given up or the value under the traditional rules.
2. All previously non-taxable BiKs are now taxable, valued on the cash given up.
3. Cars with emissions of 75g CO₂ /km or less, pensions, pension advice, childcare and Cycle to Work are unaffected.

Arrangements entered into on or before 5 April 2017 kept their previous tax treatment until the earlier of a renewal or variation of the arrangement. Most pre-6 April 2017 BiKs moved into the new rules on 6 April 2018.

Pre 6-April 2017 cars and accommodation move into the new rules on the earlier of renewal or variation or April 2021. Pre-6 April 2017 school fees have special rules, but all move into the new rules from April 2021.

If you have employees who may have entered into an arrangement for cars, accommodation or school fees before April 2017, you need to review these contracts before April 2021.

Reporting expenses and benefits

If you’ve paid any benefits in kind to any employees, you must send any P11Ds and a P11D(b) to HMRC no later than 6 July 2020 or you may get a penalty. HMRC charges penalties on a monthly basis and issues penalty notices each quarter until you do file your return.

You can find full information on reporting expenses and benefits [published on GOV.UK](https://www.gov.uk).

From 6 April 2020 you will be able to start filing your 2019-2020 reporting year P11D and P11D(b) employer Class 1A NIC return. We recommend you file using one of the following methods as it is more secure, quicker and easier than filing paper;

- [HMRC’s PAYE Online service](https://www.gov.uk)
- [HMRC’s Online End of Year Expenses and Benefits service](https://www.gov.uk)
- [commercial payroll software](https://www.gov.uk).

You may need to tell HMRC you have no return to make for Class 1A NIC. But you **only** need to do this if you receive a P11D(b) Class 1A NIC return, an electronic notice to file a P11D(b) or a reminder to file a P11D(b) return, and you have not made any expenses and benefits payments to employees.

Payrolling benefits in kind

If you registered online on or before 5 April 2019, and you are using the Payrolling Benefits in Kind process you'll need to send;

- A P11D for any benefits you've not payrolled
- A P11D(b) to tell us about the employer Class 1A NICs due on all benefits (including the payrolled ones).

You'll also need to give your employee a letter telling them which benefits were payrolled and telling them the amount of the benefit.

If you **didn't register online on or before 5 April 2019 to payroll benefits in kind**, then you'll need to send;

- A P11D for all benefits in kind you've given to any employees and
- A P11D(b) to tell us about the employer Class 1A NICs due on all benefits.

If you've payrolled informally (without registering online) then you'll need to put a note on the P11Ds to show which benefits have been payrolled. Please write on each P11D, not just on one or on the P11D(b).

You can register online on or **before 5 April 2020 to payroll benefits for 2020-2021 tax year** [Payrolling employees: taxable benefits and expenses – GOV.UK](#). If you do this, you won't need to file a P11D for 2020-2021 unless you've chosen to exclude from payrolling any employees you've given benefits to, or chosen not to payroll all the benefits you've given to any employees.

Small business survey – Tell ABAB

Small businesses are being invited to share their views on the tax system by completing a short survey.

The survey by the Administrative Burdens Advisory Board (ABAB) only takes 5 to 10 minutes to complete and [can be found here](#).

You can tell ABAB your views in the survey which is open until **Friday 21 February**. The feedback will help ABAB achieve their goal of making a difference for small businesses by working closely with HMRC to help make tax easier, quicker and simpler.

ABAB members are independent and come from a wide range of businesses and professions who represent the small business community. Their work involves listening to the views of small businesses about their experience of the tax system.

Results from the survey will be published on GOV.UK during spring 2020, in the Tell ABAB Report.

Short-Term Business Visitors

Reminder – Changes to the Short-Term Business Visitors (STBVs) special arrangement under Regulation 141

We published information about the changes to the Short-Term Business Visitors (STBVs) special arrangement under Regulation 141 in [Employer Bulletin 80](#).

Last time, we told you we'd provide more information to employers who aren't part of the current special arrangement and are interested in joining Appendix 8 from 6 April 2020.

We can now confirm that changes to [PAYE81950](#) will be published on 6 April 2020. The page will outline details of the Appendix 8 scheme and will include an application form to join Appendix 8 for the first time. Unfortunately, we are unable to accept applications to join Appendix 8 before 6 April 2020.

If you joined the current special arrangement after 20 August 2019

We are reviewing the records of employers who joined the current special arrangement after 20 August and will invite you onto Appendix 8 shortly.

If you joined the current special arrangement before 20 August 2019

We've written to all employers who have had a current special arrangement inviting them to apply to join Appendix 8 from 6 April 2020.

If we've written to you and you haven't replied, please do so now.

If you want to join Appendix 8, please tick the box "apply for a new Appendix 8 arrangement".

If you don't want to join Appendix 8 and wish to cease the current special arrangement, please tick the box "cease current PAYE special arrangement".

Please ensure you only tick one box. Ticking both or none of the boxes will result in your application being delayed.

If you joined the current special arrangement before 20 August 2019 but haven't received our letter, please [contact us](#) urgently.

What to do if you don't want to join Appendix 8

You need to tell us so that we can properly close your record. We've enclosed a form with our letter which you can return to tell us you don't want to join. You will also need to ensure you set a cessation date on the last return for tax year 2019-2020.

Next steps

We will reply to your application to join Appendix 8 or your request to cease the current special arrangement by April 2020.

If you want to join Appendix 8, we will move the existing special PAYE scheme to Appendix 8 automatically – this means you will be able to keep your current special PAYE reference number.

Important dates

The filing and payment dates for the current special arrangement remain as 19 April for filing and 22 April for payment in 2020.

The extended filing and payment date of 31 May for Appendix 8 will take effect from 2021.

Trivial Benefits

Employers – make sure that you and your employees benefit by applying the rules correctly

Having received some helpful feedback following our earlier articles on Trivial Benefits in Kind, some further clarification on a number of the points covered may be useful.

To recap, there are conditions that need to be met before this tax exemption can apply to a benefit you give to your employee:

- The cost of the benefit must not be over £50;
- The benefit must not be in the form of cash or a voucher redeemable for cash;
- The benefit must not be provided as part of salary sacrifice arrangements or any other contractual obligation; and
- The benefit must not be provided in recognition of particular services.

When considering these conditions, it is important to remember that each case should be viewed on its individual merits, which includes looking at the intention behind giving the benefit to your employee.

Birthdays, Christmas and Seasonal Gifts

HMRC generally accepts that birthdays, Christmas or other seasonal gifts are isolated instances within a tax year. They may be provided by an employer for reasons of staff welfare or in respect of a particular non-work related event and are therefore unlikely to be contractual.

So long as all of the conditions of the exemption are met the benefit will not be liable to tax. Examples can be found within guidance at [EIM21865](#) and [EIM21866](#).

Worked Lunches

If lunch is provided for employees who have worked through their lunch hour, then the exemption cannot apply. This is because the lunch would be regarded as being provided in recognition for the work being carried out by the employees.

This does not necessarily prevent another exemption or deduction from applying. For example, the workplace meals exemption, under S317 ITEPA 2003, may apply to the cost of the lunch, if free or subsidised meals are provided to all employees at some point and all of the other conditions of the exemption apply.

Legitimate Expectation

The previous article mentioned ‘legitimate expectation’ in order to help you recognise benefits that you provide as an employer which, over time, you may become obligated to provide, or which your employees expect to receive, and treat them correctly for tax purposes.

The contractual nature of benefits may change over time and this is a matter of employment law. Just because an employer provides its employee with an isolated gift each year, to mark a non-work related event such as a birthday, Christmas or other seasonal occasion, does not necessarily mean the employee has a contractual entitlement to it.

However, if an employer repeatedly provides the same benefit over the course of a tax year, to the point where an employee can reasonably expect to receive it at periodic intervals, then it may give rise to a legitimate expectation. The benefit would need to be considered in its entirety rather than as a series of isolated instances of provision, which might take the provision of that benefit outside the scope of the exemption for trivial benefits.

Summary

When you consider applying this exemption to a benefit you provide to an employee, you must bear in mind why the particular benefit in question is being provided and carefully consider whether all of the conditions of the exemption have been met.

If you are in any doubt whether a benefit meets the conditions for this income tax exemption then please visit the [Employment Income Manual](#) (EIM21860 onwards), and if you are still unsure, call the HMRC employer helpline on 0300 300 3200.

Ultra Low Emission Vehicles and Diesel Supplement Company Car Tax Exemption changes

In [Employer Bulletin 81](#) we told you about the proposed changes that will impact Ultra Low Emission Vehicles from 6 April 2020. Please revisit this information.

How this affects you

There will be no change to the way you currently report your Company Car Tax data. However, you may need to provide additional information.

Reporting a new company car or one made available to an individual for the first time in the 2020-2021 tax year

1. From 6 April 2020 a new zero emission mileage field will be shown on the form P46 (car). If a hybrid car has a CO₂ emission figure of 1-50g/km you will now need to provide the car’s zero emission mileage. This is the maximum distance in miles that the car can be driven in electric mode without recharging the battery.
2. The online P46 (car) will be updated with the changes. For paper P46 (car) submissions you will need to ensure you complete the latest version as historic copies may not include the new zero emission mileage field. These will be available through your established method from 6 April 2020.

Payrolling the company car and car fuel benefit through FPS

1. From 6 April 2020 if a hybrid car has a CO₂ emission figure of 1-50g/km you will now need to provide the car’s zero emission mileage figure in the new field.

Where to find the additional zero emission mileage information:

If you are leasing the vehicle, you should obtain this new data item in the same way you currently receive your Company Car Tax data from the car leasing firm or fleet provider.

If you own the vehicle, the zero emission mileage figure can be found on your vehicle’s Certificate of Conformity.

If, in extreme circumstances this information is not available, you can obtain the zero emission mileage figure via the car manufacturer. HMRC does not hold this information.

Failure to obtain the data via the correct source could lead to incorrect company car benefit in kind being calculated.

Note: The zero emission mileage may be displayed as ‘electric range’ on the Certificate of Conformity.

If the zero emission mileage figure is displayed on the Certificate of Conformity in kilometres, the figure will need to be converted into miles before updating this field on the P46(car), through payroll or providing the figure to your employee. You should round the converted figure up to the nearest whole number.

If you are a car leasing firm or fleet company

From 6 April 2020 you will need to provide the zero-emission mileage figure to your customers as part of any established Company Car Tax data share you have in place.

When purchasing a vehicle, you should obtain and keep the car's Certificate of Conformity. This document will hold the vehicle specific zero emission mileage information.

Diesel Supplement Company Car Tax Exemption changes

In April 2019 we informed you of Diesel Supplement Company Car Tax changes and how cars that meet the Euro 6D standard will now be exempt from the entire Diesel Supplement charge.

How to report a diesel company car on your P11D submission

When completing Section F Car and Car Fuel of the 2019-2020 P11D you will need to complete the question 'type of fuel or power used' with the correct key letter:

- Cars that meet the Euro 6D standard will use fuel letter F
- Cars that don't meet the Euro 6D standard will use the fuel letter D.

Working sheet 2 and Working sheet 2b Table 1 will be updated to include the explanation.

How to report diesel company cars for payroll

When payrolling car and car fuel benefits there is no requirement to complete P11Ds as these benefits are included within the payroll process.

For any expenses and benefits not payrolled, normal processes should be followed in terms of P11D completion.

Changes to the income tax and NICs treatment of emergency vehicles - end of transitional arrangements from 6 April 2020

Following changes to the use of assets legislation in April 2017, the government introduced transitional arrangements for calculating the amount chargeable to income tax on the benefit of an emergency vehicle made available for private use (other than that set out in the exemption for emergency vehicles) for the period 6 April 2017 to 5 April 2020. This allowed the cash equivalent of the benefit to be calculated on the proportion of the ratio of total to non-business miles travelled in the relevant tax year. This is a reminder that those arrangements will end with effect from 6 April 2020 and the normal rules for calculating the use of an asset must be used from that point. Guidance on calculating this benefit can be [found on GOV.UK](#).

This will not affect the separate income tax exemption available for emergency vehicles. The exemption allows private use if limited to ordinary commuting and on-call commuting (including private journeys made while on-call).

Issues regarding payroll identification of secondees to the UK in error

We'd like to highlight a common payroll error which occurs when UK individuals are identified incorrectly as secondees to the UK. This is often a simple mistake, as a result of inadvertently ticking boxes that may appear to be relevant to certain individuals. All commercial payroll software is different and therefore it is not always clear from the layout what is required.

In payroll, there are five options which should only be selected if the individual has been seconded to work in the UK by an overseas company:

- Intend to stay over 183 days
- Intend to stay less than 183 days
- Intend to work both in and out of UK
- European Economic Area
- EPM6.

The common error is that the options above are selected as they appear to relate to any individual, but they are only applicable if the employee is a secondee to the UK from an overseas employer.

A common mistake is to enter a tick in the European Economic Area box (EEA) for migrant workers, such as seasonal staff in hotels, fruit pickers, etc.

We would therefore like to remind employers to ensure they only select these options when the employee is a secondee to the UK from an overseas employer.

Disguised Remuneration

Independent review of the loan charge: what it means for you

The government announced an [independent review](#) of the loan charge on 11 September 2019. [The review has now concluded](#), and the government has published its [response](#).

The review contained a number of recommended changes to the scope of the loan charge. The government has accepted most of these. You can find out how the changes may affect you by reading our [published guidance](#).

We have sent out letters to outline how the new rules may apply to employers.

If you are in settlement talks with us, and you did not receive this letter, please speak to your usual HMRC contact or email ca.admin@hmrc.gov.uk. If you are not in settlement talks with us and did not receive this letter, or you have questions about how the changes to the loan charge may affect you, please call 03000 599110. We will be happy to answer any questions you may have.

Business Tax Account - 2013-2014 data to be removed

The Business Tax Account currently shows employers' liabilities and payments data for 2013-2014 onwards.

In line with HMRC's other online services, this will be limited to

- current tax year plus the previous six years, and
- open charges for earlier years.

The change means that data for 2013-2014 will not be shown on the Business Tax Account if all liabilities for that year have been cleared.

Please take the opportunity now to take a copy of the 2013-2014 records if you want to keep a copy.

Data for 2013-2014 may be removed in July 2020.

Register as an employer

You normally need to register as an employer with HMRC when you start employing staff or using subcontractors for construction work. You must register before the first payday. Once HMRC has processed your request, it takes five working days to get your new Employer PAYE reference. You cannot register more than two months before you start paying people. If you want to register a business that will start on or after 6 April and you tell us in the previous tax year HMRC will not be able to start processing your request until 6 April or after, this may mean a delay before you receive your registration details.

Most new employers can register online. To find out whether you need to register and how to do it [access GOV.UK](#).

If you enrolled with the HMRC PAYE Online service when you registered as an employer, you will already have an online account.

If you do not have a PAYE Online account you will need your PAYE reference and Accounts Office reference in order to register, when you receive this [access GOV.UK](#).

To pay an employee before you get your employer PAYE reference number, you should:

1. Run payroll
2. Store your full payment submission
3. Send a [late full payment submission](#) to HMRC.

A reminder for employees to update their Personal Tax Account

Please remind your employees to log into their [Personal Tax Account](#) (PTA) and update their expected income to include any bonuses, overtime or potential additional income within the current tax year. This is to ensure that HMRC holds the most up to date estimated pay. Please also remind your employees that a Personal Tax account can help them check their tax records online and manage their details. They can sign up for a PTA easily on GOV.UK.

Sporting Testimonials & Termination Payments budget measure

Class 1A liabilities on Termination Awards and Sporting Testimonial Payments come into effect on 6 April 2020

The National Insurance Contribution (Termination Award and Sporting Testimonial) Act 2019 ('the Act') received Royal Assent on 24 July 2019. This Act created a new Class 1A National Insurance contribution (NICs) charge on termination awards over £30,000 and payments from sporting testimonials above £100,000.

Termination Awards

From 6 April 2020 the Act will introduce a new Class 1A NICs liability on non-contractual "cash" (or cash equivalent) taxable termination awards over a £30,000 threshold, which have not already incurred a Class 1 NICs liability as earnings.

This will bring closer alignment between income tax and NICs treatment of termination awards.

This new liability will be chargeable on the employer and will be payable at the same Class 1A NICs percentage rate (currently 13.8%) that applies to existing Class 1A NICs liabilities on Benefits in Kind (BiKs).

However, unlike Class 1A NICs liabilities that arise on BiKs, this new liability will not be payable and reported via the annual P11D(b) payment/reporting process. Instead, from 6 April 2020 onwards, Class 1A liabilities arising on taxable termination awards which comprise of cash and/or cash equivalent payments, will be paid and reported through the PAYE/Real Time Information (RTI) process.

The existing P11D(b) reporting process will be retained for employers reporting Class 1A NICs liabilities arising on BiKs, including the reporting of any BiKs provided to an employee before and after their employment has been terminated (such as the continued provision of a company car).

This new Class 1A liability will not apply to any termination awards paid after 5 April 2020 in respect of employment which was terminated before 6 April 2020.

Sporting Testimonials

From 6 April 2020, any non-contractual and non-customary sporting testimonial payments which exceed £100,000 and are paid to a sportsperson by an independent testimonial committee, will incur a Class 1A NICs liability. This follows changes introduced in the Finance Bill 2016 that put beyond doubt the tax treatment of sporting testimonials.

The new Class 1A NICs liability will be chargeable on the sporting testimonial committee and it will be the responsibility of the testimonial committee controller to report and pay that Class 1A NICs liability to HMRC.

From 6 April 2020 onwards, these new Class 1A liabilities will be paid and reported through the PAYE/Real Time Information (RTI) process.

If, during the sportsperson's testimonial year, the sporting testimonial committee provide the sportsperson with the use of a Benefit in Kind (such as a car) then the amount of BiK that is taxable will also incur a Class 1A NICs liability, to be paid and reported by the sporting testimonial committee via the existing P11D(b) process.

This new Class 1A liability will not apply to sporting testimonials that were announced within the public domain before 6 April 2020.

What employers and sporting testimonial committees need to do to prepare for reporting the new Class 1A NICs liabilities through RTI

Before 6 April 2020, employers must make sure that their payroll systems have been updated to enable them to pay and report the new Class 1A NICs liabilities, arising on termination awards, through real time reporting.

Independent Sporting Testimonial Committees will also need to make sure that whatever payroll system they are using, it also has the capability to pay and report the new Class 1A NICs liabilities through real time reporting.

Update on Termination Payments: EIM12965 Guidance Update

The guidance at [EIM12965](#) has been updated to clarify that compensation payments may be taxable under provisions other than s.401 ITEPA 2003 in certain circumstances.

The previous wording of the guidance incorrectly stated that compensation payments for discrimination can only be taxable under s.401 ITEPA 2003. HMRC has always held that some forms of compensation payment may be taxable under other sections of ITEPA 2003. For example, compensation paid in relation to a case involving a claim of unequal pay may be taxable as earnings pursuant to s.62 ITEPA 2003.

The previous wording of the guidance is available at a new location of [EIM12966](#). It should not be relied upon for payments made after 5 April 2021.

News from The Pensions Regulator

Workplace Pensions

People are saving into workplace pensions more than ever before thanks to automatic enrolment (AE). Employers have put an astonishing 10 million members of staff into pension schemes since AE began - but their legal duties don't end there.

Employers are responsible for making sure that the right amount of pension contribution is paid promptly into a scheme.

It's not enough to enrol your employees in a scheme and stop there – you need to continue paying in every time you run payroll. The law sets a minimum amount of 3% of qualifying earnings to pay in. You can pay more than this if you'd like, but you're not allowed to pay any less. You need to identify late or inaccurate payments early – The Pensions Regulator will take action if you fail to comply with your ongoing legal duties, and you may need to backdate any missed payments.

[Visit the Pension Regulator website](#) for more information.

Help your employees avoid pension scams

Pensions scams are devastating. Last year the average victim lost £82,000. For some, their entire lifesavings.

Your employees could be at risk. Research shows up to five million savers are in danger of falling for one of the most common scam tactics.

With pensions knowledge low and half of savers looking to their employer for pensions advice first – are you looking out for them?

How you can help

You can protect your employees by helping them get to know the warning signs of a scam.

As part of the national ScamSmart campaign – run jointly by The Pensions Regulator and the Financial Conduct Authority – you can:

- download posters to put up in your offices
- share social media posts online
- post news articles on your intranet or staff newsletters.

Don't let a scammer enjoy your employees' retirement. Help them be ScamSmart and always check who they are dealing with.

[Find out more.](#)

How does the ageing workforce affect you?

As the workforce ages, employers are increasingly looking to retain the valuable skills of their older workers. With many people leaving the workforce before they reach State Pension age, it's important for employers to offer opportunities, such as retraining and flexible working, to keep them.

Employers recognised for best practice understand the business case for a mixed-age workforce. They know the age of their workforce, talk to their workers to identify issues and introduce interventions to help retain, retrain and recruit older workers.

Where can I find more information?

The 'Look, Listen, Act' toolkit will guide and support employers in getting started with age inclusion in the workplace: The toolkit is supported by a video which aims to dispel the myths, and the fear some employers have about having career conversations with their older workers. Access the toolkit on the [Business in the Community website](#).

For more information contact **The Fuller Working Lives team** at [DWP: FULLER.WORKINGLIVES@DWP.GOV.UK](mailto:DWP:FULLER.WORKINGLIVES@DWP.GOV.UK) or connect with us on [LinkedIn](#).

Upcoming changes to Employment Law

Holiday Pay Reference Period

Almost all workers are entitled to 5.6 weeks paid holiday each year. This includes agency workers, workers with irregular hours and workers on zero-hours contracts. Where a worker has fixed hours and is paid a salary, they continue to receive their salary whilst on leave. However, where workers undertake regular overtime, or have variable hours, their holiday pay should be calculated using a reference period.

Currently employers should look back 12 weeks and calculate the average weekly pay received for that time. For weeks where no work was performed, and thus no pay earned, the week is discounted. The employer then looks back a further week until 12 weeks in which the worker was paid are counted. Detailed guidance on the current rules is available [on GOV.UK](#).

From 6 April 2020, the reference period is being extended. Instead of looking back 12 weeks, employers need to calculate the average over a 52 week period. As unpaid weeks are still excluded, this can require employers to count back over a year into the past. To avoid having to go back indefinitely, a limit of 104 weeks' worth of data is being introduced; two full years. If after that, there is still not 52 weeks' worth of data, the employer uses an average of what they have. E.g. if in the past 2 years, the worker has worked in 46 weeks, that is the number of weeks' worth of data used. Similarly, if the worker has worked 60 weeks in the last 2 years, only the most recent 52 weeks would be included in the reference period.

The changes also clarify what employers do with new workers; if they haven't worked 52 weeks, they should use what pay data is available right back to their start date. For example, if a worker has been working with their employer for 14 weeks then takes leave, the employer should use the 14 weeks' worth of data that is available

Further information on holiday pay and entitlement is [available on GOV.UK](#) or on the [Acas website](#).

Written Statements

The Government has also legislated to extend the right to a written statement to all workers. This will give workers the same clarity as employees on the terms and conditions of their new employment. The Government has also legislated to make the written statement a 'day 1' right for all individuals who are entitled to a written statement. This means firstly that they will be entitled to receive the 'principal statement' of the written statement no later than the first day of their new job, where at present the employer has a period of two months in which to provide the statement. Secondly, there will be no qualifying period of employment. At present employees are entitled to a written statement only if their employment has continued employment for at least one month.

In addition, the Government is expanding the information that employers are required to provide as mandatory content in a written statement from day one (including any additional information provided e.g. through staff handbooks on sick leave and pay or other types of paid leave). The additional information to be included in the principal statement includes both new information and information which employers are already required to provide but can provide separately: in a staff handbook for example.

Both sets of changes will come into force from 6 April 2020. Updated guidance will be available on GOV.UK from 6 April 2020.

Booklet 480 online

HMRC has published an online version of [booklet 480](#).

This online version, in HTML format, meets GOV.UK accessibility standards and is a significant improvement on the previous pdf version of the booklet.

There have been no changes to the text in the booklet.

A new digital tool from The Department for International Trade

The Department for International Trade has launched a new digital tool to give businesses the information they need to export goods out of the UK market. The free tool, called 'Check How to Export Goods', has launched on GOV.UK.

The tool helps any business, particularly SMEs, to trade with over 160 markets by providing up to date information and guidance on what they need to know and do in order to export goods to an EU country or to the rest of the world.

Businesses input their product commodity code and export destination, and can then access product-level and country specific information including duties, regulations, customs procedures and trade agreements between the UK and other markets.

The tool saves time by providing the information that is needed to trade goods in one place.

'Check How to Export Goods' includes key information on:

- Commodity codes
- Duties, taxes, charges and quotas
- Rules of origin
- How to move your goods out of the UK
- How to move your goods into other countries/destinations.

The service is free to use and is available now on [GOV.UK](#).

For more information and advice on exporting, visit [great.gov.uk](#).