

**EPG Meeting – 27<sup>th</sup> February**  
**CIOT/ATT - 30 Monck Street, London,**  
**SW1P 2AP**

<b>Attendees</b>	<b>Company</b>
Helen Hargreaves	Chartered Institute of Payroll Professionals (co-chair)
Richard Garth	HMRC (co-chair)
Nahid Khan	HMRC (secretariat)
Jan Owens	HMRC Deputy Director - Organisational Listening
Scott Milne	HMRC
Colin Ben-Nathan	Chartered Institute of Taxation
Colin Broad	British Computer Society
Glenn Collins	Association of Chartered Certified Accountants
Tracey Crank	Black Mountain Services UK Ltd
Pauline Green	Business Application Software Developers Association
David Grimley	Employment Tax Industry Forum
Helen Harvey	Small Payroll Bureau
Alison McCrave	Voluntary Action Sheffield
Sarah Palmer	International Association of Bookkeepers
Simon Parsons	Large Payroll Bureau
Hayley Perkin	Association of Taxation Technicians
Jackie Petherbridge	Federation of Small Business & Private Sector Payroll Group
Emma Rawson	Association of Taxation Technicians
Justine Riccomini	Institute of Chartered Accountants Scotland
Simon Ross	Confederation of British Industry
Karen Thomson	Armstrong Watson
Steve Wade	Institute of Chartered Accountants England & Wales
Ann White	Association of Accounting Technicians
Lora Murphy	Chartered Institute of Payroll Professionals (observer)
Justin Giles	HMRC
Paul Smyth	HMRC
Andrew Bradley	HMRC
Thomas Brightley	HMRC
Donna Benson	HMRC
Richard Fowler	HMRC
Mal Dean	HMRC
Charlie Dwyer	HMRC (dial in)
Thom Mills	HMRC (dial in)
Nick Bates	HMRC (dial in)
Marc Stubbs	HMRC (dial in)
<b>Apologies</b>	
Sarah Eason	Hydrock
Richard George	The Payroll Centre
Michael Parker	National Farmers Union
Vicky Bedford	HMRC

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<b>Agenda Item</b>	<b>Main Points, Conclusions / Discussions, Decisions, Next Steps</b>
<b>1</b>	<p><b>Welcome / Agree previous minutes</b></p> <p>Richard Garth welcomed everyone to the meeting and thanked Emma Rawson and Hayley Perkin for hosting EPG at the ATT/CIOT offices.  The previous minutes were agreed.</p>
<b>2</b>	<p><b>Employment Allowance (EA) Update - Vicky Bedford</b></p> <p>Vicky Bedford sent her apologies and provided a pre-meeting written update;  The Employment Allowance (Excluded Persons) Regulations 2020 were laid on 16 January and will be debated in due course.</p> <p>Following the technical consultation and engagement with stakeholders, including at the EPG, we did not change the legislation, but revised the requirements being placed on employers:</p> <p>Initially employers were required to tell HMRC how much other de minimis state aid they have received or been allocated in the current and preceding 2 years. We have removed this requirement and when employers claim EA, they will be confirming that they have checked and have space in their de minimis ceiling(s) to accommodate the EA.</p> <p>We had planned to issue comms during December. However, this was delayed because of the general election restrictions. We have published an article in the February Employer Bulletin.</p> <p>Some employers have concerns about how the reform will be enforced: EA compliance is checked as part of the usual PAYE compliance checks. This will remain the case in the future, though we will also automate the check against the previous year's £100,000 employer NICs liability.</p> <p>We have also received questions about the use of the euro conversion rates: employers should only need to know/worry about the euro conversion rate if they have already received or been allocated large amounts of <u>de minimis</u> state aid (in this context, 'large' will depend on what business sector(s) the employer operates in). When an employer receives state aid they should be notified and told whether it is state aid (as part of a notified scheme), or de minimis</p>

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	<p>state aid. State aid that is not de minimis state aid doesn't count towards the relevant de minimis ceilings so can be discounted.</p> <p>Most employers can receive up to €200,000 of de minimis state aid over a three-year rolling period. Employers in the agriculture, aquaculture and fisheries or road haulage sectors have lower thresholds (€20,000, €30,000 and €100,000 respectively). Agricultural and fisheries sector ceilings are low as they (can) receive regular payments of aid, but this is not de minimis state aid.</p> <p>Where employers have received no other de minimis state aid, or aid of a small value they won't need to worry about the euro conversion: they will have more than enough space in their de minimis ceiling.</p> <p>Employers who have received large amounts of other de minimis state aid may want to use the euro conversion rates to confirm that they have enough space in their de minimis ceiling for the full EA. They should use the conversion rate applicable at the time they were awarded the aid. For the EA, the conversion rate is the one set on 28 March (as this will be the rate that applies to 6 April), regardless of when the claim to EA is actually made.</p> <p>Complete updated employer guidance will be published on gov.uk. in April. However, we have published <a href="#">this</a> information update to provide some additional information for employers ahead of April, and the other revised products will be available when the change comes into force.</p> <p>Any queries to be fed back to Vicky via the forum secretariat.</p>
<p><b>3</b></p>	<p><b>Off payroll working from April 2020 - Justin Giles / Paul Smyth</b></p> <p>Justin Giles and Paul Smyth, Off-Payroll Working (OPW) Reform Programme in HMRC spoke about the planned reform to the off-payroll working rules (IR35), which was due to take effect from 6 April 2020. HMRC gave an overview of the background, the scope for the planned changes and how that will impact payroll operations.</p> <p>The group had supplied a list of questions they wanted to be addressed. These have been covered in updates to the Employment Status Manual published in February 2020 and in the updated guidance on payroll operation for 2020/21. The overall intention is for the operation of payroll for OPW contractors whose limited company's fees are subject to tax and NIC deductions to be as it would for a direct employee. There will be a marker with RTI to identify payments to OPW contractors.</p>

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	<p>There are exceptions for statutory payments, student loan deductions, pension payments and other rights that employees would be entitled to. An OPW contractor is not entitled to these through the payroll of the fee-payer / deemed employer. They instead get access to such things through their own company, who is their primary employer. EPG members did raise a couple of technical issues. HMRC invited these to be sent over via the secretariat and we will respond in due course.</p> <p><b>Post meeting note:</b> The Government announced it is delaying the reform to the off-payroll working rules until 6 April 2021. This deferral has been announced in response to the ongoing spread of Covid-19, to help businesses and individuals deal with the economic impacts of the pandemic.</p>
<p style="text-align: center;"><b>4</b></p>	<p><b>NMW update - Charlie Dwyer</b></p> <p>Charlie Dwyer apologised for not being at the meeting in person, and dialled-in to talk through the recent National Minimum Wage policy changes announced by BEIS Ministers, specifically:</p> <ul style="list-style-type: none"> <li>• <b>Re-launch of BEIS’ NMW Naming Scheme, but with a higher £500 threshold (it was previously £100)</b> Charlie confirmed the new, higher naming threshold (a minimum total of £500 of identified wage arrears, across all workers). Charlie said that the first (new) naming round would take place in roughly 3 months’ time.</li> <li>• <b>Ministerial Direction instructing HMRC to waive penalties in cases where certain deductions from pay are the <u>only</u> identified NMW breach</b> Charlie confirmed that the Direction only applies to cases where qualifying deductions are the only identified NMW breach. Where the Direction is applied, employers in these cases will also be exempt from naming. The Direction applies to both open and new cases.</li> <li>• <b>New HMRC NMW helpline for employers with deduction schemes</b> Charlie described a new helpline service that HMRC had set up to assist employers with concerns or queries regarding deduction schemes. The service is designed to provide support for employers in reviewing their deduction practices to ensure they don’t present risks of becoming NMW non-compliant. Employers are routed to the HMRC service via ACAS (with ACAS remaining the single, initial point of contact for NMW queries).</li> </ul>

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	<ul style="list-style-type: none"> <li>• <b>Regulatory changes regarding salaried workers</b>            Charlie outlined several regulatory changes BEIS Ministers announced regarding the rules pertaining to salaried workers, with those changes envisaged to come into effect in April (based on the expected passage of the required secondary legislation). Details of these regulatory changes, and the other announcements, can be found on gov.uk  <a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864185/salaried-hours-work-salary-sacrifice-consultation-government-response.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864185/salaried-hours-work-salary-sacrifice-consultation-government-response.pdf</a></li> </ul>
<b>5</b>	<p><b>Digitisation of Communications - Donna Benson</b></p> <p>Donna Benson outlined HMRC’s plans to stop providing free, blank paper copies of P45 and P60 forms to a small number of employers who currently order c14m forms online or by telephone;</p> <ul style="list-style-type: none"> <li>• From April 2020, we will withdraw the facility to order blank P45 and P60s online.</li> <li>• The peak ordering period for P60s for the 19/20 tax year occurs in February and March (2020) so stopping this facility in April should give most employers plenty of time to prepare for next year’s peak.</li> <li>• Once the online order facility is withdrawn, employers and payroll providers will need to use existing software to produce P45s/P60s.</li> <li>• Businesses that employ less than 10 people can use free payroll software including HMRC’s own software.</li> <li>• This change does not affect businesses who are exempt from ordering online (around 500) - they will be able to continue to order stationery by telephone as they do now.</li> <li>• We are writing to every business that uses this facility to inform them of the need to self-print or issue digital templates and we are contacting those businesses that place the largest orders directly.</li> <li>• The vast majority of the 2 million employers already self-print or issue digital P45/P60s using their own, HMRC approved templates.</li> <li>• HMRC will continue to work with payroll software developers to ensure that all digitally enabled businesses are able to self-print or issue digital P60s for the next tax year (2020-21).</li> <li>• Businesses will have time to order the stationery they need until they switch to self-print or issuing digital templates and</li> </ul>

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	<p>can order blank stationery online until the facility is withdrawn from April.</p> <ul style="list-style-type: none"> <li>• We will take on board issues this may cause and use this to inform our planning.</li> <li>• If a business is genuinely unable to self-print or issue their own digital templates, they should contact HMRC when they receive their letter to discuss their situation.</li> <li>• Businesses that employ less than 10 people can use HMRC's own free payroll software.</li> <li>• We're looking across the forms and letters we send to businesses to see where we can encourage them to opt-into receiving digital communications.</li> </ul> <p>This activity is part of a larger programme to transform the way HMRC communicates by reducing reliance on paper and increasing use of digital services and communications, encouraging and enabling customers to communicate with HMRC digitally that will help reduce customer error, allow self-serve and remove the need for unnecessary customer contact. HMRC will continue to engage with all stakeholders and customer groups over the next six to twelve months. This will provide valuable insight and input to help HMRC shape its plans to encourage more customers to interact online and reduce paper outputs and allow HMRC to work with stakeholders to understand implications and minimise potential impacts.</p> <p>EPG were primarily concerned that employers would have adequate time and supplies to meet their 19-20 requirements and were comfortable with the plans for 20-21. EPG made a few suggestions about P45 forms and offered to speak to their members now, to make them aware, as soon as possible about the planned changes. Software developers were interested in the opportunity to work together to simplify templates and specs.</p>
<b>6</b>	<p><b>Payroll Company Fraud - Andrew Bradley and Thomas Brightley</b></p> <p>HMRC defines 'Payroll Company Fraud' as the transfer of staff, along with payroll responsibilities, from a compliant business to a fraudulent entity, purporting to be a payroll company. The 'payroll company' supplies the staff back to the business but fails to remit PAYE, NICs and VAT to HMRC. HMRC is exploring possible legislative and procedural changes to prevent the fraud taking place and consulted the group seeking their thoughts on the subject. The main outcomes of the discussion were:</p>

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	<ul style="list-style-type: none"> <li>• Consider the benefits of mandatory registration of payroll professionals.</li> <li>• Consider FCA registration requirements and collaboration.</li> <li>• Tie in with HMRC’s Agent Standards work.</li> <li>• Consider what can be learned from CIOT’s Professional Conduct in Relation to Taxation standards.</li> </ul>
<b>7</b>	<p><b>P11D Process Questionnaire - Thom Mills</b></p> <p>The WMBC customer insight team recently reached out to the forum with a questionnaire to help us understand the customer experience when completing the P11D expenses and benefits process and the reasons why amendments needed to be made after submission.</p> <p>We received 83 responses have now completed collating and analysing the results. Having now completed the survey, we have provided the results back to the Employment Duty teams to review and inform the next steps they choose to take. We will look to feed any details through to the forum at a later date. We will also seek to bring any future questions back to the forum as they arise.</p> <p>We received a lot of suggestions around improvements to the payrolling system and simplification of forms. Whilst we are not directly able to take action on those comments, we will ensure that the views are shared with relevant Policy colleagues who will be able to take them into consideration. We presented some of the highlights of the results to the forum, a full pack is available by request. The survey raised a few additional questions that were discussed with the group:</p> <p><i>The largest proportion of respondents said that they begin collating information for the process in April but only 8 later stated in the survey that they submitted a month before. Does the group feel that it is common for the process to take several months between April and July to complete?</i></p> <p><i>As ‘company cars’ was the most common response when asked which type of expense and benefit is most difficult to administer, do the members have any comments around what could make this easier for customers?</i></p> <p><i>The majority of respondents stated that they used GOV.UK followed by advice from a third party. It isn’t clear from the answers whether they were individual businesses or from members of the forum – does the group feel that the advice from a third party is comparatively low because the membership of the group are experts in this field?</i></p>

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	<p><i>We asked you what sections of the process caused frustrations or difficulties and the top answer was 'System Limitations'. Does the group feel that resolving these system limitations would make a significant positive impact on their experience? And are there any examples of the limitations?</i></p>
<p style="text-align: center;"><b>8</b></p>	<p><b>EPG Survey - Richard Garth</b></p> <p>Richard Garth thanked everyone who had completed the survey. It is very important to us to receive your feedback.</p> <p>It was agreed to share all the (anonymous) comments from the survey across the membership to enable the group to review them and agree which were considered the main priorities/changes they would like to see, to help with the continued improvement of the group.</p>
<p style="text-align: center;"><b>9</b></p>	<p><b>Guidance - Mal Dean</b></p> <p>Mal Dean attended to give an overview of the work of the Guidance Team. HMRC has created a central Guidance Team headed up by Kevin Newton that is looking at improving all guidance across their two internal platforms and the HMRC guidance available externally on GOV.UK. The team is leading on implementing the 12 recommendations put forward in an Office of Tax Simplification (OTS) report specifically around HMRC guidance.</p> <p>The team has carried out a review of all 290 HMRC manuals published both internally and externally and is implementing the 8 agreed recommendations for improvement.</p> <p>The team also looks after a decision-based publishing platform used by all HMRC Contact Centre staff when dealing with customer calls. The successful platform is being developed for backroom staff in HMRC and work is going on to trial it on GOV.UK, enabling customers to self-serve without having to call HMRC.</p> <p>The team are heavily involved in reopening feedback links on GOV.UK. If a customer/agent goes to any HMRC manuals page on GOV.UK and clicks on the 'Is there anything wrong with this page?'</p>



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	<p>their feedback will be acted upon by the Guidance Team and the guidance will be updated / corrected if required.</p>
<b>10</b>	<p><b>HMRC Charter - Richard Fowler</b></p> <p>Richard Fowler gave a brief overview on HMRC's Charter he was seeking views on the draft revisions to the HMRC Charter. The Charter sets out the standard of behaviour and values that HMRC aspires to when interacting with customers - what customers/ stakeholders can expect from us and what we can expect from you.</p> <p>This consultation closes on 15 May 2020. The current timetable as follows:</p> <ul style="list-style-type: none"> <li>• External public consultation on a new draft Charter running for twelve weeks from 24th Feb to 15th May 2020 is now live <a href="#">here</a>.</li> <li>• The current Charter can be found <a href="#">here</a></li> <li>• A series of customer immersion sessions to support the external consultation</li> <li>• Consulting with our tax professionals via the various forum we hold throughout the coming months.</li> <li>• The intention of publishing the revised new Charter by the summer of 2020</li> </ul>
<b>11</b>	<p><b>AOB</b></p> <p>Richard Garth announced that Helen Hargreaves was leaving CIPP at the end of your March, so would be stepping down as co-chair. Richard thanked Helen for her valuable contribution to the EPG and wished her well for the future. Justine Riccomini will act as temporary co-chair of EPG until the next meeting.</p> <p><b>Next Meeting:</b> 3<sup>rd</sup> June</p>