HM Revenue & Customs

Employer Bulletin

Your route to the latest in payroll news

October 2020 Issue 86

Welcome

Hello and welcome to the October edition of the Employer Bulletin

This edition brings you all of the latest HMRC updates and guidance to support employers and payroll agents during this challenging period.

There's the very latest information on the Coronavirus Job Retention Scheme, an update on the Job Retention Bonus and information regarding recent government announcements including the Job Support Scheme, extension to the reduction of VAT for Hospitality and Tourism, and the VAT Deferral New Payment Scheme.

The Bulletin also contains other key messages which may be of interest to you, including the re-launch of the Off-payroll working rules customer education support programme, a UK Transition update for employers and further updates regarding Student and Postgraduate Loans. As always, we encourage you to use our online services to contact or send us information.

HMRC's COVID-19 YouTube playlist is where you'll find details of all our live and recorded webinars in relation to COVID-19 announcements, and make sure you are kept up to date with changes by signing up to receive our email alerts. You can also follow us on twitter @HMRC.gov.uk.

Another useful source of information is the Agent Update, the latest edition and soon will be released and provides updates for tax agents and advisers.

HMRC is committed to helping businesses in these challenging times. Now more than ever, our aim is 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.

Many thanks

Scott

Scott Milne
Editor

Content

Coronavirus Job Retention Scheme – October changes to the scheme, closing down the scheme and job retention bonus

Coronavirus Job Retention Scheme

Detailed guidance to help you prepare for the final stages of the Coronavirus Job Retention Scheme (CJRS) and key dates you need to be aware of can be found on GOV.UK.

What you need to do from 1 October

From 1 October HMRC will pay 60% of usual wages up to a cap of £1,875 per month for the hours furloughed employees do not work. You will continue to pay your furloughed employees at least 80% of their usual wages for the hours they do not work, up to a cap of £2,500 per month. **You will need to fund the difference between this and the CJRS grant yourself.**

You will also continue to pay your furloughed employees' National Insurance and pension contributions from your own funds.

The scheme closes on **31 October** and you will need to make any final claims on or before **30 November**. You will not be able to submit or add to any claims after this date.

Job Retention Bonus

The Job Retention Bonus allows you to claim a one-off payment of £1,000 for every eligible employee you have furloughed and claimed for through the CJRS and kept continuously employed until at least 31 January 2021. You do not have to pay this money to your employee.

To be eligible, employees must earn at least £1,560 between 6 November 2020 and 5 February 2021 and have received earnings in the November, December and January tax months. Employees must also not be serving a contractual or statutory notice period for you on 31 January 2021.

You will be able to claim the bonus from 15 February until 31 March, after you submit PAYE information for the period up to 5 February 2021. For more information, including on what you need to do now if you intend to claim the bonus, go to GOV.UK. More detailed guidance will be available by the end of January.

You can still claim the Job Retention Bonus if you make a claim for that employee through the Job Support Scheme, as long as you meet the eligibility criteria for both.

New COVID-19 support schemes

The government has announced additional support for businesses and employees impacted by COVID-19 across the UK. Further information on these new schemes is available on GOV.UK.

Job Support Scheme

A new Job Support Scheme will be introduced from 1 November. Under the scheme, which will run for six months, the government will contribute towards the wages of employees who are working fewer than normal hours due to decreased demand.

You will continue to pay the wages for the hours your staff work. For the hours not worked, you and the government will each pay one third of their usual wages (capped at £697.92 per month). You will need to meet your share of the pay for unworked hours, and all your National Insurance contributions and statutory pension contributions, from your own funds. This means that employees will receive at least two thirds of their usual wages for the hours not worked.

You will be able to claim in December and grants will be paid on a monthly basis.

The Job Support Scheme will be open to employers across the UK even if you have not previously applied under the CJRS. The scheme will operate in addition to the Job Retention Bonus.

Information on what's covered by the grant, which employers and employees are eligible, and how to claim, can be found on the Job Support Scheme factsheet.

Extension to the reduced rate of VAT for Hospitality and Tourism

The Government has extended the temporary reduced rate of VAT (5%) to tourist attractions and goods and services supplied by the hospitality sector. This relief came into effect on 15 July 2020 and will now end on 31 March 2021 across the UK.

VAT Deferral New Payment Scheme

If you deferred payments that were due between 20 March and 30 June 2020, then these payments need to be made to HMRC by 31 March 2021. You can use the New Payment Scheme to spread these payments over equal instalments up to 31 March 2022. Alternatively, you can make payments as normal by 31 March 2021 or make Time to Pay arrangements with HMRC if you need more tailored support.

New Self Assessment Self-Serve Time to Pay Scheme

If you deferred paying your July 2020 Payment on Account, you will need to pay the deferred amount, in addition to any balancing payment and first 2020-2021 Payment on Account, by 31 January 2021. This may be a larger payment than you usually pay in January.

If you're unable to pay your Self Assessment (SA) bill in full by 31 January 2021, you can set up a Time to Pay payment plan of up to 12 months online without speaking to us. If you have SA tax debts of up to £30,000, you'll able to access this Time to Pay facility through GOV.UK and will get automatic and immediate approval. If your SA debts are over £30,000, or you need longer than 12 months to repay your debt in full, you will still be able to use our Time to Pay arrangement by calling HMRC.

Do you have employees working from home because of COVID-19?

If you have asked your employees to work at home because of COVID-19 then they may have additional expenses.

If you've not reimbursed your employees, they can claim tax relief on £6 per week or £26 per month for these extra costs. If they want to claim more, they must provide HMRC with evidence to support their claim.

They can only claim if you have asked them to work from home for all or part of the week. For example, because you have a rota system in place to allow for social distancing.

How to claim

The quickest and easiest way to claim is to apply online at GOV.UK. It's secure and ensures they'll receive their full entitlement.

Your employees' tax codes will be adjusted, reducing the tax they pay.

If your employees choose to claim via a third-party agent, they should be aware that these will usually charge a fee, reducing the amount of tax relief received.

For more information

Please tell your employee(s) to go to GOV.UK and search 'Claim tax relief for your job expenses'.

National Insurance Number delays

Due to COVID-19, the Department for Work & Pensions (DWP) is only able to offer a National Insurance Number (NINo) service to a limited number of applicants.

In order to allocate a NINo for employment purposes DWP has a legal requirement to confirm that the applicant has the right to work in the UK and their identity. At present it is only possible to accept applications from those who were granted permission to work in the UK by the Home Office prior to them coming to the UK. This is possible because DWP can validate these applications with the Home Office.

For all other applicants (UK/EU/EEA/citizens) who have not interacted with the Home Office, their identity and right to work is, under normal circumstances, confirmed by DWP at a face to face interview. Unfortunately, due to the COVID-19 pandemic, it has been necessary to temporarily suspend this face to face service.

It is not possible, due to the requirement to examine customers' ID documents, to offer a virtual service. However, to support the reinstatement of our NINo service, DWP is developing a digital solution in order to reintroduce the process incrementally during the autumn.

Although HMRC usually wants employees to provide you with their NINo as soon as possible to make sure their National Insurance records are correct, you can employ someone before they get their NINo, provided you can confirm they are legally entitled to work in the UK. Please make sure all RTI submissions include as many other personal details as possible.

For people who have a NINo but cannot remember it, they can get confirmation of it by using either their Personal Tax Account, where they can save or print a copy of a NINo confirmation letter, or the HMRC App where they can share their "my details" page with you.

Deferred July 2020 Self Assessment Payment on Account

HMRC has identified that some Self Assessment customers, who chose to defer payment of their July 2020 Payment on account due to COVID-19, may receive a Self Assessment statement, showing that payment is due and interest is accruing. HMRC can confirm that we will not impose any late payment interest or penalties on the deferred July 2020 Payment on Account, provided it is paid in full by 31 January 2021. Any customers who may have difficulty in making their payment can access support on GOV.UK.

Off-Payroll Working Rules (IR35): Education and support available to customers

From 6 April 2021, there are important changes to the off-payroll working rules. At the start of October 2020, HMRC relaunched its programme of support to help you prepare.

This bulletin sets out the comprehensive package of support that is available. You can use this to decide what you can do to prepare, and when.

You need to prepare for the changes if you are:

- A medium or large sized non-public sector organisation which engages contractors who work through their own intermediary
- An employment agency which supplies contractors who work through their own intermediary
- A public authority – there are additional changes from April 2021
- A contractor who provides services through your own limited company or other intermediary.

We recognise that businesses are facing difficult challenges due to COVID-19. HMRC is providing information and support now to ensure businesses have plenty of time to prepare for the changes coming into effect in April 2021. Many contractors and organisations have already begun doing so, and any preparation now will remain valid for April 2021 when the rules change.

Most of the support outlined here is also available for tax agents, to help you understand the changes for you and your clients. Please help your clients to prepare for the changes by sharing information on the support available with anyone who may be affected by the rules.

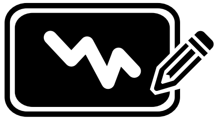
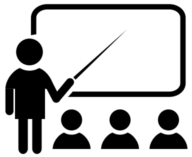
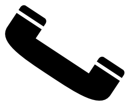
Please share this information with contractors you engage who may be affected by the rules.

All the support options set out on pages 5 and 6 are also relevant for public sector engagements.

Step 1 - Understanding the off-payroll working rules

Support available	Description	Most relevant for...			When is the support available?	How to access the support
		Clients and Fee-payers	Tax Agents	Contractors		
Off-Payroll Working rules GOV.UK guidance	Links to up-to-date guidance, and other support, on the rules can be found at the off-payroll page.	✓	✓	✓	Now	https://www.gov.uk/topic/business-tax/ir35
Employment Status Manual (ESM)	The ESM contains more detailed guidance and clear explanations of how the rules should be applied. Some pages may be relevant for contractors.	✓	✓	✓	Now - updated on 17 September 2020	https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm10000
Check Employment Status for Tax (CEST) tool	CEST is available for organisations and contractors to help decide the right employment status for tax for contracts running now, and beyond 6 April 2021.	✓	✓	✓	Now	https://www.gov.uk/guidance/check-employment-status-for-tax Supporting guidance: ESM11000
Contractor resources	Additional material to support contractors. For example, a flowchart and factsheet.		✓	✓	Now - will be updated throughout Autumn	https://www.gov.uk/government/publications/off-payroll-working-rules-communication-resources
Overview webinars	Webinars will be delivered via an online platform and will include an opportunity to ask questions using an online chat tool.				Running between October 2020 and April 2021	You can register for these at https://www.gov.uk/guidance/help-and-support-for-off-payroll-working Dates will continue to be added when available.
	Overview of the off-payroll working rules – Provides an end-to-end overview of the reform.	✓	✓		Starting 13 October (running to April 2021)	
	Overview of the off-payroll working rules for contractors - Provides contractors with an overview of the reform and an outline of what they need to do to prepare for April 2021, including the practical accounting requirements for them and their limited company or other intermediary.		✓	✓	Starting late October (running to April 2021)	
	Making the determination, disagreements and record keeping - Covering HMRC's view on requirements to make a determination and what constitutes a disagreement. Some aspects of this webinar may be relevant to contractors.	✓	✓	✓	Starting late Autumn (running to April 2021)	

Step 2 – Further support available if you need detailed information on the changes

Support available	Description	Most relevant for... Clients and Fee-payers	Most relevant for... Tax Agents	Most relevant for... Contractors	When is the support available?	How to access the support
Topic based webinars 	Topic based webinars will provide detailed support on key topics where customers may need additional education, but customers attending these events should have a good understanding of the basics of the off-payroll working rules. Some aspects of the webinars may be relevant to contractors, but are aimed at organisations.				Starting late Autumn (running to April 2021)	You can register for these at https://www.gov.uk/guidance/help-and-support-for-off-payroll-working Dates will continue to be added when available.
	International issues - How off-payroll working interacts with international and overseas issues. This webinar will be most relevant for customers in Gas & Oil, Media, Transport and Utilities sectors.	✓	✓	✓		
	Engagements where the rules apply - The responsibilities of relevant entities within the contractual chain and what engagements should be considered, including contracted out services. This webinar will be most relevant for customers in IT, Business Services, Construction, Real Estate, Oil & Gas and Utilities sectors.	✓	✓	✓		
	Fee-payer responsibilities Practical requirements of operating PAYE and deemed employment payment calculations. This webinar will be most relevant to Employment Agencies and Recruiters, and clients who directly engage with contractors.	✓	✓	✓		
Workshops 	Workshops for small groups of customers will be delivered virtually to provide a comprehensive overview of what the changes mean and will be targeted to specific sectors or customer groups					
	Sector specific - Aimed at specific sectors and the issues that affect them: Banking, Oil and Gas, Public Sector and Construction. More sectors may be added based on customer feedback.	✓	✓		Starting from November	HMRC will work closely with stakeholders to ensure that the right customers are invited to workshops. Invites will be sent via trade and representative bodies.
	Tax agents - Focused on accounting treatment and record keeping for tax agents who deal with contractor's intermediaries.		✓			
	Agencies - Focused toward the requirement of recruiter and agencies when dealing with contractors and clients.	✓	✓			
Education Calls 	Tailored education calls will be offered to customers with the greatest support needs. We will continuously update the list of customers who are invited to take part in an education call based on customer insight and feedback.	✓			Starting from late November	HMRC will directly contact customers to invite them to an education call.

UK transition - National Insurance and social security coordination

Changes for UK employers sending workers to the EU, the EEA or Switzerland from 1 January 2021 and for workers from the EU, EEA or Switzerland coming to work in the UK

Introduction

If you are an employer who sends employees to work in the EU, EEA or Switzerland or you employ employees from one of those countries, please read this article. It tells you about:

- Employees starting work in the EU, EEA or Switzerland **before** 1 January 2021
  - Applying for a Portable Document A1 (PDA1) or E101 Certificate for a period that starts before 1 January 2021
- Employees starting work in the EU, EEA or Switzerland **after** 1 January 2021
  - The Withdrawal Agreement (reference to the Withdrawal Agreement also includes related agreements with EEA EFTA countries and Switzerland).
  - Applying for a PDA1 or E101 certificate for a period that starts after 1 January 2021
- Workers from the EU, EEA and Switzerland coming to work the UK
- UK's future relationship with the EU
- Right to work in the EU, EEA and Switzerland after 31 December 2020
- The UK's social security agreement with the Republic of Ireland
- Refunds of National Insurance contributions for Aircrew.

There is a transition period until 31 December 2020 during which the current rules on social security coordination continue to apply.

Employee starting work in the EU, EEA or Switzerland before 1 January 2021

Current European social security coordination rules will be used to work out which country's social security scheme you and your employee will have to pay contributions to. This covers UK based employees who will start working in one or more of the EU, EEA countries and Switzerland before 1 January 2021, and those from UK, EU, EEA/Switzerland working in one or more of those countries before 1 January 2021.

Applying for a PDA1 or E101 certificate for a period that starts before 1 January 2021

Provisions in the Withdrawal Agreement ensure that the current EU social security coordination rules will continue to apply after 31 December 2020 to certain individuals, whether a future relationship agreement between the UK and the EU on social security coordination is agreed or not.

Employers and individuals should continue to apply for PDA1s and E101s as normal if they are to start working before 1 January 2021 in a situation involving the UK and one or more of the EEA countries and Switzerland.

If you want to apply for a PDA1 or E101 use one of the following application forms

- CA3822 – use this if you are sending an employee to work in another country within the EEA
- CA8421 – use this if your employee works in two or more of any of the UK, EU, EEA countries or Switzerland.

When working in an EU, EEA country or Switzerland, the PDA1 or E101 can be used as evidence that HMRC has applied EU social security coordination rules and has determined that UK National Insurance contributions are due.

If HMRC has issued a PDA1/E101 that started before 1 January 2021, you and your employee will pay UK National Insurance contributions for the period stated on the document. However, please see the 'Right to work in the EU, EEA and Switzerland after 31 December 2020' part of this article if the certificate has an end date after 31 December 2020.

Employees starting work in the EU, EEA or Switzerland after 1 January 2021

The Withdrawal Agreement

The Withdrawal Agreement sets out the terms of the UK's withdrawal from the EU and provides for a deal on citizens' rights in Part Two.

- Part 2 of the EEA EFTA Separation Agreement
- Part 3 of the Swiss Citizens' Rights Agreement.

Applying for a PDA1 or E101 certificate for a period that starts after 1 January 2021

Employers and individuals should continue to apply to HMRC for PDA1s and E101s as normal for employees who are to start working after 31 December 2020 in a situation involving the UK and one or more of the EEA countries and Switzerland. For example, an employee you send to work temporarily in France.

Whilst negotiations are ongoing, HMRC will only be able to process applications for PDA1s or E101s for employees in scope of the Withdrawal Agreement, one of the related agreements with EFTA countries and Switzerland.

Further guidance will be issued in due course.

Workers from the EU, EEA and Switzerland coming to the UK

If you employ a person from the EU, EEA or Switzerland before 1 January 2021 and they have a PDA1 which shows they are subject to an EEA country or Swiss legislation, you and they will not have to pay UK National Insurance for the period stated on the PDA1, even if it ends after 31 December 2020, so long as their situation remains unchanged. If they have a PDA1 which shows they are subject to UK legislation, you and they will have to pay UK National Insurance.

If the employee is an EU, EEA or Swiss national and they haven't applied for settled or pre-settled status, they should consider registering with the EU Settlement Scheme by 30 June 2021.

If you employ an individual from the EU, EEA or Switzerland who does not have a PDA1 and they work in two or more of any of the UK, EU, EEA countries or Switzerland, you or the employee should apply for a PDA1 to the social security institution of the country where they reside.

Normally, you don't need a PDA1 if an employee from the EU, EEA or Switzerland only works for you in the UK because they will be liable to pay UK National Insurance.

UK's future relationship with the EU

The Government has been clear that there will be changes to future social security coordination arrangements for those individuals not in scope of the Withdrawal Agreement and the related agreements with EEA EFTA countries and Switzerland. The Government continues to work with the EU to establish practical, reciprocal provisions on social security coordination which includes preventing dual concurrent social security contribution liabilities. The UK Government published a mandate on 27 February outlining the UK's approach to negotiations on the future relationship with the EU after 31 December 2020.

Right to work in the EU, EEA and Switzerland after 31 December 2020

For periods after 31 December 2020, employees should check the immigration rules in the country that they will be working in. Although Part Two of the Withdrawal Agreement protects social security coordination rights for certain UK and EU citizens, it does not protect the right to work in countries they are not resident in unless they are a UK national with rights as a frontier worker by 31 December 2020. A frontier worker is a person who resides in either the UK or the EU, EEA or Switzerland who works in one or more of those countries but not the one they reside. So, this could affect individuals resident in the UK who work in the EU, EEA or Switzerland.

The UK's social security agreement with the Republic of Ireland

The UK has reached a reciprocal agreement with Ireland which ensures that social security coordination continues after 31 December 2020 when considering moves by UK or Irish nationals between the UK and Ireland. The UK and Ireland have ensured that social security coordination continues on the same terms that are currently in place. More information on this can be found here.

Refunds of National Insurance contributions for Aircrew

If your employee's home base is or has been in the UK and you and they have paid UK National Insurance contributions, but they did not reside in the EU or UK at this time, you and they may be entitled to a refund of those contributions. Please contact HMRC to discuss the potential refund.

Apply for grants if your business completes customs declarations

There are just over two months left until the transition period ends, and customs controls will be introduced between Great Britain and the EU. Customs declarations will be needed whether or not there is a free trade agreement between the UK and the EU.

Most traders will need a customs intermediary to support them with these new requirements and to make sure that intermediaries can support their established customers and this new market, we're encouraging applications for our customs grant scheme. If customs intermediaries anticipate taking on new staff and train them ready for this new demand, they will need to recruit as soon as possible. The grant scheme can help cover the additional cost in the run up to 1 January 2020.

The current phase sees a record £50 million investment to support with recruitment, training and IT to handle customs declarations. Customs intermediaries – including customs brokers, freight forwarders and express parcel operators – as well as traders who complete their own declarations, are among those who can apply.

The grant can cover salary costs for new or redeployed staff, up to a limit of £12,000 per person and £3,000 for recruitment costs for new employees. This will help recruit new staff and train them up ahead of July 2021, when all traders moving goods will have to make declarations. The grant scheme will continue to offer financial support for training costs to upskill staff and for IT to cover expenses for software, set-up costs and related hardware.

Grants will be issued on a first come, first served basis. Applications will close on 30 June 2021, or earlier if all funding is allocated.

The grant scheme is administered by PricewaterhouseCoopers (PwC) on behalf of HMRC. For more information on the scheme and how to apply, please read the guidance on GOV.UK.

Starter Checklist - Student and Postgraduate Loan

To help you establish what Student and/or Postgraduate Loan your new employee may have, we would encourage you to ask them to complete the Student and Postgraduate Loan section of the starter checklist.

Once completed the checklist should then tell you which loan and or plan type to use; if your employee does not know their loan and/or plan type, they can check on GOV.UK.

This will allow you to start taking the correct loan deductions immediately.

Operating the incorrect Plan or Loan Type could result in your employee having deductions taken which aren't due.

Student and Postgraduate Loan refunds

HMRC may write to tell you to stop taking current year deductions and refund through your payroll, where Student and/or Postgraduate Loan deductions have been taken incorrectly within the current tax year.

For repayments for previous years we are introducing new ways of working due to the ongoing COVID-19 situation.

These repayments will no longer be issued by payable order, but we will make electronic payments directly to bank accounts instead.

As a result of this change, we will write to customers requesting they either call or write in with their bank account details to allow us to process their refund.

If your employee has any concerns about the letter we have issued, tell them to call HMRC on **0300 200 3300**.

Student and Postgraduate Loans thresholds and rates from 6 April 2021

The thresholds for Plan 1 and Plan 2 Student Loans are increasing from April 2021.

The thresholds for the current tax year 2020-2021 are:

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

The Department for Education has confirmed that from 6 April 2021 the thresholds will increase to:

- Plan 1 – £19,895
- Plan 2 – £27,295.

From 6 April 2021 we will be introducing a new plan type for Scottish Student Loans (SSL) known as Plan 4. The Plan 4 threshold will be £25,000. Student Loan deductions will continue to be calculated at 9% on earnings above the Plan 1, Plan 2 or Plan 4 threshold.

More information on SSL can be found in Employer Bulletin issue 85.

The Postgraduate Loan threshold will remain at £21,000. Earnings above £21,000 will continue to be calculated at 6%.

Are you using HMRC's Business Tax Account?

The Business Tax Account is an online account which brings together all of your business taxes in one place – including Pay as You Earn for Employers.

From one sign in, you can view a summary of your tax position, manage your information such as address, telephone number and email address as well as make payments to HMRC.

To find out more about the benefits of using the Business Tax Account and how to set it up, go to GOV.UK.

If you are already using the online account to manage your business taxes, you can get access from our sign in page here.

PAYE for employer's webchat service in the Business Tax Account

From 17th September, a webchat service has been added to the 2020-2021 Annual Statement page within the ePAYE online service.

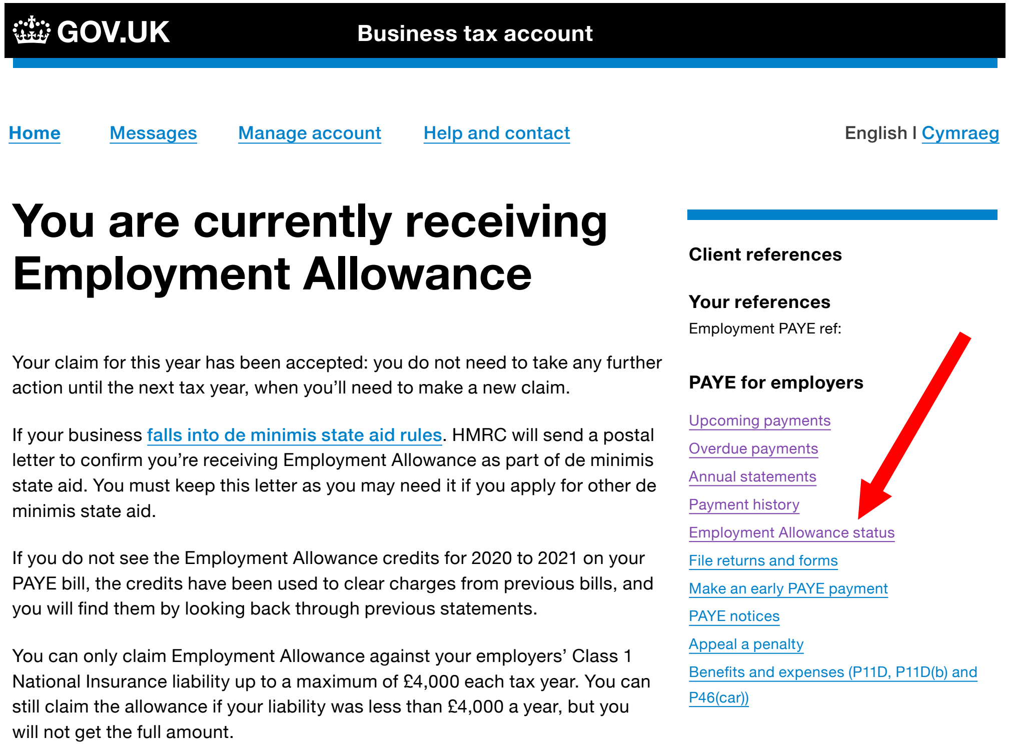
If a green button appears at the bottom right hand side of this page, you can click to ask HMRC a question and start a conversation with one of our staff members on the Employers' helpdesk (depending on availability).

This is part of a test and learn initiative where, after 3 months, we will assess how successful this initiative has been and decide whether it will remain as a permanent feature in the account.

So, if you need to contact HMRC about your PAYE for employers, why not try webchat as an alternative to telephone.

New Employment Allowance status option on PAYE for employers

PAYE for employers within the Business Tax Account is the quickest and easiest way for you to keep up to date with your employer liabilities and to track payments. View all your liabilities on the annual statement or more in-depth in your monthly breakdown pages. On your payment's history page, you can see each individual payment, so you know it's been received. You can now also check to see if you've claimed Employment Allowance for the tax year with our new feature on the right-hand navigational links under "Employment Allowance status"



GOV.UK Business tax account

Home Messages Manage account Help and contact English I Cymraeg

You are currently receiving Employment Allowance

Your claim for this year has been accepted: you do not need to take any further action until the next tax year, when you'll need to make a new claim.

If your business falls into de minimis state aid rules. HMRC will send a postal letter to confirm you're receiving Employment Allowance as part of de minimis state aid. You must keep this letter as you may need it if you apply for other de minimis state aid.

If you do not see the Employment Allowance credits for 2020 to 2021 on your PAYE bill, the credits have been used to clear charges from previous bills, and you will find them by looking back through previous statements.

You can only claim Employment Allowance against your employers' Class 1 National Insurance liability up to a maximum of £4,000 each tax year. You can still claim the allowance if your liability was less than £4,000 a year, but you will not get the full amount.

Client references

Your references
Employment PAYE ref:

PAYE for employers

Upcoming payments
Overdue payments
Annual statements
Payment history
Employment Allowance status
File returns and forms
Make an early PAYE payment
PAYE notices
Appeal a penalty
Benefits and expenses (P11D, P11D(b) and P46(car))

PAYE RTI penalties - continuation of the risk-based approach to charging penalties

Following HMRC's review of the effectiveness of the risk-based approach to PAYE late filing and late payment penalties, we can confirm this approach will continue for the 2020-2021 tax year. This means that late filing and late payment penalties will continue to be considered on a risk-assessed basis rather than issued automatically. The first penalties for this tax year (beginning 6 April 2020) were issued in September 2020.

Support is available for employers during the COVID-19 pandemic, including more time to appeal. Employers can now include problems caused by COVID-19 as the reasonable excuse that prevented them from meeting their tax obligation. For more information about this, go to GOV.UK – reasonable excuses.

Late Filing Penalties

As in previous years we will also continue to not charge penalties automatically if a Full Payment Submission (FPS) is filed late but within 3 days of the payment date and there remains no pattern of persistent late filing. This is not an extension to the current statutory position on reporting PAYE payments which remains unchanged. Employers are still required to file their submissions on time unless any of the circumstances set out in the 'Sending an FPS after payday' guidance arise.

Employers who persistently file after the statutory filing date but within three days will continue to be monitored and may be contacted or considered for a late filing penalty as part of our risk-based approach.

Late Payment Penalties

The due date to make PAYE payment to HMRC electronically remains the 22nd of the month (or quarter if you are eligible to pay quarterly) following the tax month/period to which they relate. If you pay by cheque or other non-electronic payment methods, you must continue to make payment by 19th of the following month or quarter to which the payment relates.

Guidance on how to pay is available on GOV.UK.

If you pay late, we may charge interest on the amount outstanding which will continue to accrue until the total amount is paid.

You may also face a late payment penalty which we also continue to raise using a risk-based approach which will focus on cases of greatest risk and non-compliant behaviour. Guidance on how we calculate late payment penalties and how employers can appeal them can be found on GOV.UK.

Reporting your payroll information accurately and on time

Accurate and timely reporting of your payroll information is important; it helps to ensure that your employees pay the right amount of tax and supports Universal Credit.

The payment date you report on your FPS should be on or before the date you pay your employees, not the payroll run date or another date from your payroll system, 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 and because of this, 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 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.

It is important to check this and make any changes that are necessary to your payroll software so that, when you report, you use the correct payment date. We often find that employers entering the incorrect payment date is the reason why some employers receive a penalty. If you are unable to report payments on time and you have a reasonable excuse for doing so you should use a late reporting reason code. You must include the code for every payment on the FPS where the circumstances apply.

Note: When you receive an electronic message from us saying that we have successfully received your submission, it does not necessarily mean that it was correct and on time – it is just an acknowledgement of receipt.

Generic Notification Service (GNS) electronic warning messages

Do not ignore these messages, they are intended to notify you that you haven't filed on time or paid on time. Electronic messages give you a chance to review your submission process to ensure that things are correct in the future.

We will send you a message

- once in a month when we receive a FPS later than the payment date without a valid reason

  or

- on the 11th or 12th of the month where we haven't received a FPS for the month that just ended on the 5th or an Employment Payment summary (EPS) stating no employees were paid in that month

How do I access GNS Electronic warning messages?

You can check your messages in the same way you do if you receive electronic coding notifications, either by:

- logging into PAYE Online and selecting the generic notifications from within the "Notice summary" section
- using the PAYE Desktop Viewer
- using your commercial software – you should check with your software supplier that their product is compatible with accessing GNS messages
- accessing your Business Tax Account and using the 'messages' link.

We strongly recommend that you check for any electronic notice messages we may have sent you as they contain helpful and important information.

RTI Payment codes

To make sure the PAYE payment allocations are correct, you need to make the monthly payment to the 13-digit accounts office number connected to the PAYE reference, along with the following 4-digit code.

Payment for month or **quarter** ended	Electronic payment due date	Use Accounts Office reference followed by the 4 numbers shown below	
		2020 to 2021	2021 to 2022
5 May	22 May	2101	2201
5 June	22 June	2102	2202
5 July	**22 July**	**2103**	**2203**
5 August	22 August	2104	2204
5 September	22 September	2105	2205
5 October	**22 October**	**2106**	**2206**
5 November	22 November	2107	2207
5 December	22 December	2108	2208
5 January	**22 January**	**2109**	**2209**
5 February	22 February	2110	2210
5 March	22 March	2111	2211
5 April	**22 April**	**2112**	**2212**

Making your PAYE Settlement Agreement payment

A PAYE Settlement Agreement (PSA) allows you to make one annual payment to cover all the tax and National Insurance due on small or irregular taxable expenses or benefits for your employees.

Some PSA customers may not have received a payslip confirming the amount owed under their PSA arrangement for the 2019 -2020 tax year.

You must still pay any tax and National Insurance due under your PSA by 22 October 2020 (19 October 2020 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 no later than 22 October 2020. If you pay late you may have to pay interest and/or a late payment penalty.

When making your payment ensure you quote your PSA 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 payment 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.

For further information, go to gov.uk and search 'pay a PAYE settlement Agreement'

Disguised remuneration

Disguised remuneration loan charge

The deadline for settling disguised remuneration scheme use in order to not pay the loan charge has now passed. If you haven't reported and paid the loan charge already, you should do so now.

If you have employees who have elected to spread their outstanding loan balance across 3 tax years, they should have given you a copy of the election by 30 September 2020. If you are given a copy of an election, the outstanding loan balance should be split evenly across the 3 tax years 2018-2019, 2019-2020 and 2020-2021 when you are reporting it.

If you want to settle outstanding liabilities in relation to disguised remuneration loans that are not subject to the loan charge, you can settle them under the August 2020 terms. We will update this guidance in autumn 2020 to include loans that are subject to the loan charge.

If you want to settle a mixture of both types of disguised remuneration liabilities at the same time, you should email ca.loancharge@hmrc.gov.uk to let us know. We will contact you when guidance about loans subject to the loan charge has been published.

Further help and support

Anyone subject to the loan charge who is concerned about paying, or who wants to settle their disguised remuneration scheme use under the new terms, should contact us. We want to help people to pay what they owe and recognise that some people may have difficulty doing this.

Those with concerns can call us on **03000 599110**, speak to their usual contact or email ca.loancharge@hmrc.gov.uk.

New General Anti-Abuse Rule advisory panel opinion published

We have published Spotlight 56 – Disguised remuneration: tax avoidance by owner managed companies using remuneration trusts.

Find out about the independent General Anti-Abuse Rule (GAAR) Advisory Panel opinion on a tax avoidance arrangement that rewarded a director through a remuneration trust.

You may want to advise anyone who is thinking of using this type of arrangement that HMRC views it as tax avoidance. The Panel agreed with HMRC's view that entering and carrying out these arrangements was not a reasonable course of action. You can also direct them towards Spotlight 56 for more information.

Electronic payment deadline falls on a weekend

In November the electronic payment deadline of the 22nd falls on a Sunday. So, to make sure your payment for that month reaches us on time, you need to have cleared funds in HMRC's account by the 20th unless you are able to arrange a Faster Payment.

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

So that you know what date to initiate your payment and make sure we have it on time, 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 at GOV.UK.

Changes to our opening hours

At the start of the pandemic we reduced our phone helpline opening hours to 8am-4pm, to offer customers the best service we could at the times they needed us the most.

We've reviewed the situation regularly, monitoring when our customers are contacting us, and are now extending the opening hours for most of our helplines to 8am – 6pm. As part of this, we're also changing our webchat opening hours, no longer offering webchat after 8pm or on Sundays, so we can make more advisers available when customers need us most.

There will be a few exceptions to this, so please check GOV.UK for more information about our helplines and their opening hours.

PAYE Online service for reporting P11D, P11D(b) and P46(car)

We are currently redesigning the PAYE Expenses and Benefits service. This redesign will be in line with Government Design Standards putting more focus on the accessibility needs of our users as well as providing a more user-centred experience. Further information will be provided ahead of the launch.

We are looking for organisations that employ anywhere from 5 to 250 employees to participate in our User Research.

This is your opportunity to contribute to the design process.

Update on the withdrawal of P45 and P60 bulk stationery

Earlier this year, we announced that we'd withdraw the facility to order blank P45s and P60s. The change came into effect on 1 August 2020, later than planned, to give employers extra time to prepare to print or issue their own digital P45s and P60s.

There has been an increase in the number of blank paper forms ordered as employers prepare, and we are committed to supplying those orders. We're sorry that some customers may experience a slight delay in receiving their order due to the increased demand.

The majority of employers can no longer order blank paper forms. You should continue to use these until you run out and then start filing online. A list of payroll software can be found by searching: "Find Payroll Software" on GOV.UK. Free software is available for businesses with less than 10 employees.

Employers who are exempt from operating their payroll online are not affected by the change and can continue to order by phone on **0300 200 3205**.

Make sure to stay on top of your workplace pension responsibilities and avoid legal action

The Pensions Regulator: A reminder of your workplace pension responsibilities

The Pensions Regulator (TPR) has continued to monitor pensions throughout the pandemic crisis, making sure they support employers and savers during this difficult time. While your business might have changed due to COVID-19, your responsibilities towards your staff haven't. You must:

- continue to assess and put eligible staff into a pension
- continue to make the correct contributions on time
- complete your re-enrolment duties and your declaration of compliance.

Since the start of August, you have had to pay for your own pension contributions and National Insurance contributions for all staff. During October you will still be able to claim 60% before the Job Retention Scheme closes.

With the Government's Coronavirus Job Retention Scheme due to close on 31 October, it's important to make sure you're aware of your automatic enrolment duties. Whether your staff are working or on furlough, they shouldn't miss out on a pension. For further information, please read TPR employer guidance.

Peer Networks/Small Business Leadership Programme

Government support to improve small business leadership and problem-solving skills

As the COVID-19 crisis spurs British businesses to adopt new ways of working, the Government is investing £20 million to improve small businesses' management, productivity and problem-solving skills through 2 training programmes. There are 6,000 on the Peer Networks programme (with a possible further 4,000 – subject to demand) and 2,000 places available on the Small Business Leadership Programme. Interested small business leaders are encouraged to sign up now to secure a place.

Agents who are SMEs are encouraged to consider applying for these programmes and to publicise them among SMEs with whom they work.

Details can be found on GOV.UK.

Corporate Criminal Offences - more than just a legislative tool, and why you should care

Back in September 2017, legislation was introduced which can hold a corporate liable if it fails to prevent any associated person from facilitating tax fraud. This legislation is known as the Corporate Criminal Offences (CCO).

It is easy to see how some industry sectors may feel the CCO is more relevant to them than others, based on the services they provide and how that might link to instances of tax fraud. However, in reality, the relevance and impact of CCO is further reaching than you may realise.

No matter the size of your business, or the type of service you provide, if there is a chance someone associated with your business could facilitate fraud through their actions then CCO is something you should know about. With prosecution and unlimited fines as the sanction, it is a hefty price to pay for organisations who do not take their responsibilities seriously.

We want to help you get this right by having reasonable procedures in place – Published Government Guidance is available which gives you much more information. We publish operational updates every six months on how we are progressing with investigations.

If you believe your organisation has committed the offence then it is always in your best interest to voluntarily disclose that to HMRC. You can do so using the dedicated CCO Self-Reporting Portal.

Check if you need to tell HMRC about additional income

HMRC has launched new interactive guidance on GOV.UK to let users check if they need to tell HMRC about extra income they receive that could be in addition to their main PAYE income. In the guidance, the user answers a series of questions about their income. Using their answers, we then direct them onto the relevant next steps (for example, if they need to fill in a Self Assessment tax return, we'd point them to that page on GOV.UK). The guidance is for users who receive a 'casual' income (online or in person), and do not know that they might need to declare it, or possibly pay tax on it. It will help them understand what they need to do to be tax compliant and how they can do that.

The new guidance is here.

The guidance covers people earning non PAYE income that covers things like:

- selling things, for example at car boot sales or auctions, or online
- doing casual jobs such as gardening, food delivery or babysitting
- charging other people for using your equipment or tools
- renting out property or part of your home, including for holidays (for example, through an agency or online).