

## Employment and Payroll Group 9 September

<b>Attendees</b>	<b>Company</b>
Justine Riccomini	Institute of Chartered Accountants Scotland (co-chair)
Richard Garth	HMRC (co-chair)
Nahid Khan	HMRC (secretariat)
Scott Milne	HMRC
Sam Mann	Chartered Institute of Payroll Professionals (deputy co-chair)
Matthew Brown	Chartered Institute of Taxation
Colin Broad	British Computer Society
Glenn Collins	Association of Chartered Certified Accountants
Tracey Crank	Black Mountain Services UK Ltd
Sarah Eason	Hydrock
Pauline Green	Business Application Software Developers Association
Helen Harvey	Small Payroll Bureau
Alison Paling	Community Accounting Plus
Simon Parsons	Large Payroll Bureau
Hayley Perkin	Association of Taxation Technicians
Jackie Petherbridge	Federation of Small Business & Private Sector Payroll Group
Sonja Sharpe	Confederation of British Industry
Karen Thomson	Armstrong Watson
Steve Wade	Institute of Chartered Accountants England & Wales
Kerry Wale	International Association of Bookkeepers
Louise Dunstan-Rice	HMRC
Ben Jones	HMRC
Oscar Plummer	HMRC
Rebecca Hutton	HMRC
Angela Brown	HMRC
James Davies	HMRC
Catherine Ahorituwere	HMRC
Toni Douglass	HMRC
Kathryn Pratt	HMRC
Jerry Catterson	HMRC
Chiara Crean	HMRC
Alex Pearce	HMRC
Matthew Thomas Ryder	HMRC
Andrew Bradley	HMRC
Vicky Bedford	HMRC
<b>Apologies</b>	

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Colin Ben-Nathan	Chartered Institute of Taxation
Tracey Crank	Black Mountain
Richard George	The Payroll Centre
David Grimley	Employment Tax Industry Forum (ETIF)
Michael Parker	National Farmers Union
Alison McCrave	Voluntary Action Sheffield
Ann White	Association of Accounting Technicians

Agenda Item	Main Points, Conclusions / Discussions, Decisions, Next Steps
<b>1</b>	<p><b>Welcome / Agree previous minutes</b></p> <p>Richard Garth welcomed all to the meeting, especially Kerry Wale who has replaced Sarah Palmer as the representative for the IAB.</p> <p>He also thanked the group for their continued support during these challenging times and their valuable contributions to customer insight. Minutes of previous meeting were agreed.</p>
<b>2</b>	<p><b>COVID-19 Job Retention Scheme (CJRS)</b></p> <p>Rebecca Hutton covered the following;</p> <ul style="list-style-type: none"> <li>• have started some data improvement work, with a small number of customers being contacted with a request to resubmit claims using a dropbox.</li> <li>• Jim Harra at PAC: covered Error and Fraud estimates on Covid-19 schemes</li> <li>• Compliance Activity: one to many nudge letters issued, one to one activity commencing soon</li> <li>• Updated templates for &gt;100 solution</li> <li>• Digital voluntary disclosure facility - available soon</li> </ul> <p>Angela Brown reminded members of the eligibility criteria for the Job Retention Bonus and asked members for their views on employers' awareness and appetite for making a claim. Members advised that there is a good general awareness and desire to claim, but that HMRC should publish more detailed guidance as soon as possible.</p>
<b>3</b>	<p><b>Tax Administration Strategy</b></p> <p>The Government has announced a ten-year strategy for <a href="#">building a trusted, modern tax administration system</a> - entitled the Tax Administration</p>

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	<p>Strategy. These reforms will offer greater flexibility and scope to provide targeted support to people and businesses in the face of future national crises and will increase the resilience of the tax system.</p> <p>Louise Dunstan-Rice gave a high-level overview and asked members to contact her direct to discuss any specifics.</p> <p>Members welcomed the initiative and provided some examples of where a ‘trusted’ system could be improved. Louise was encouraged to use the group for further discussions.</p>
<b>4</b>	<p><b>Off Payroll Working</b></p> <p>Ben Jones provided an update on off payroll education and support to the group. The Off Payroll Working team is keen to sight stakeholders on progress of education and support and how the team is using feedback from the payroll industry to improve its education and support offer (i.e. in developing updates on ESM guidance). Through this work, the team aims to reinforce its intention to be open and transparent, and to allow stakeholders to sight us on any issues as soon as possible.</p> <p>Stakeholders raised a two main comments for HMRC to consider:</p> <ul style="list-style-type: none"> <li>• A note that MSBs in particular could benefit from ‘practical’ webinars, such as what client’s should do after issuing an SDS.</li> <li>• EPG noted HMRC’s sectoral approach and asked to be sighted on the sectors that are being targeted.</li> </ul>
<b>6</b>	<p><b>Digitisation of Comms</b></p> <p><b>What’s happening</b></p> <p>HMRC are encouraging customers to switch to paperless communications. Our ambition is to significantly reduce the number of customers who receive paper forms. We want to encourage individuals and employers to choose to receive tax code notices digitally rather than by paper.</p> <p><b>What we plan to do</b></p> <p>With digital tax code notices available in a customer’s tax account, and tried and tested software available for employers, it no longer makes sense to send paper forms.</p> <p>We want to encourage customers to choose to view or download tax code notices in their Personal or Business Tax Account, as a fast and secure way to receive these updates.</p>

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- Individuals are encouraged to choose paperless communications at the times they interact with us.
- Employers already complete their payroll online, so we'll work with customers, the payroll industry and employer representatives to encourage and educate them on how to receive tax code notices in their Business Tax Account.

### **Background**

Forms P2, P6 and P9 are all versions of a tax code notice:

- The P2 is sent to individuals every time their tax code changes, excluding basic annual uprating. Individuals' tax codes are reviewed annually in January and where there is a change (other than the increase to the tax free earnings amount), we send them a notice of their new tax code.
- The P6 is sent to employers when HMRC is advised about a change in an employee's income/benefits that requires a change to their tax code during the tax year.
- The P9 is sent to the employer (February – April) after the annual review of the P2 in January, where a change is identified and a P2 is issued, notifying the employer of the new and correct tax code(s) to operate in their payroll.

Employers are already required to use software to complete their payroll online, using free or commercial software, and tax code notices are available in their Business Tax Account. Authorised third-party agents, such as payroll providers, can access tax code notices on an employer's behalf. Individuals can choose to view their tax code details in their Personal Tax Account.

### **Update on withdrawal of P45 and P60**

Earlier this year, we announced that we'd withdraw the facility to order blank P45 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 P45 and P60s. We also wrote directly to all employers who used the HMRC Orderline service in the last year.

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.

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

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	<p><b>Future plans</b></p> <p>We're looking across the forms and letters we send to customers to see where we can encourage the use of digital communications, including receiving forms and letters through their tax accounts.</p> <p>We are planning a programme of engagement with all customer groups, including employers, over the next 6 to 12 months. This will provide us with valuable insight and input to help us shape our plans to encourage more customers to interact online and reduce paper outputs.</p>
<b>7</b>	<p><b>NMW Update</b></p> <p>Justine Riccomini provided an update from her attendance at the NMW forum. It was an informal get together between departments and stakeholders to shape what the NMW Forum should look like.</p> <p>Once the meetings are established; the proposal is to meet twice a year. Minutes will be published on the BEIS website, but initially the main objective is to establish rapport and trust with BEIS.</p> <p>Next meeting will probably be in February 2021, she will suggest to BEIS that minutes are taken and put into the public domain.</p>
<b>8</b>	<p><b>SDST Planning for Apr 21 changes</b></p> <p>Jerry Catterson representing SDST gave an overview of the 2020/21 year on year changes and the events that led to a significant delay in publication of the respective technical specifications. However, he is hoping this is going to be a relatively straightforward year from an application programming interface (API) perspective:</p> <ul style="list-style-type: none"> <li>• RTI techpack for 2021/22 (FPS and EPS) to be published on GOV.UK in September 2020 - aiming to provide this before end of August [year-on-year roll forwards, Scottish Student Loans on FPS, DR loan removal on FPS, Removal of State Aid on EPS]</li> <li>• There won't be an EYU schema for 2020/21. 2019/20 was the final year for the EYU - all submissions (and post-year changes) relating to 2020/21 or later must be on an FPS message</li> <li>• No changes to RTI (FPS) API for 2021/22 - off payroll (private sector) workers as new data item for identifying off payroll workers was implemented during 2020/21 changes</li> </ul>

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	<ul style="list-style-type: none"> <li>• DPS techpack for 2021/22 to be published on GOV.UK in September 2020 [Scottish Student Loans - Plan Type 04 - on SL1]</li> <li>• EXB techpack for 2020/21 to be published on GOV.UK in September 2020 [year-on-year roll forwards - ULEV (Ultra Low Emission Vehicles) / WLTP (Worldwide Harmonised Light Vehicle Test Procedure) changes for 2020/21 P11D “year end” reporting. These changes have already been delivered for “in year” calculation/reporting of company cars during 2020/21]</li> <li>• Developer test services - ETS, TPVS, LTS and OXG (Outgoing XML Generator) - due in October 2020</li> <li>• Password hardening changes successfully delivered in June 2020, customers can now choose a strong password for HMRC APIs</li> <li>• Developers notified of Student Loan and Postgraduate thresholds for 2021/22</li> </ul>
<p><b>9</b></p>	<p><b>Disguised Remuneration - Call for Evidence</b></p> <p>Chiara Crean attended to seek views from members and discuss the aims and plans on tackling disguised remuneration tax avoidance; call for evidence. She gave some background on the government's aim to discourage taxpayers from entering into tax avoidance to ensure that promoters cannot profit from tax avoidance. CC spoke of the work already being carried out to tackle DR tax avoidance.</p> <ul style="list-style-type: none"> <li>• <b>Early intervention work</b> to help taxpayers identify and leave DR schemes early before they have built up large tax bills</li> <li>• <b>Promoters Strategy and promoters consultation</b> tackling those who design, market and profit from these schemes</li> <li>• <b>Communication plan</b> advising people how to spot avoidance schemes and explain the risks involved.</li> </ul> <p>CC asked members a series of questions on supply chains to gather views followed by some questions on tackling promoters. She also asked what more could be done helping individuals steer clear of DR schemes. She reminded the members that It remains the taxpayer’s responsibility to understand their tax obligations and abide by them. she sought views on how we can equip taxpayers with the tools they need to recognise avoidance and steer clear of it, and by improving consumer protection for taxpayers. A further discussion took place around helping individuals out of avoidance.</p> <p>The next steps:</p>

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	<ul style="list-style-type: none"> <li>• The Government will publish a summary of responses and any further steps in due course. Policy options will be subject to further consultation.</li> <li>• Will be working closely with the teams running the raising standards in the tax advice market call for evidence and the consultation on tackling promoters of tax avoidance to analyse our findings from all three consultations.</li> </ul>
<b>10</b>	<p><b>Freeports</b></p> <p>Victoria Bedford set out the government’s initial thinking about a potential Employer NIC relief in Freeports.</p> <p>HMT and HMRC have organised 4 dedicated workshops across the week to which EPG members (and beyond) were invited. Victoria was grateful for the contributions of those who had already taken part/were set to come later in the week.</p> <p>Comments/suggestions on the proposals were welcomed and will be used to inform further policy thinking.</p>
	<p><b>AOB</b></p> <p>Agent Online Self Serve (AOSS): Work will begin work shortly on the replumb of AOSS, i.e. to present the same data to agents as seen by their clients from the ePAYE service.</p>
<b>11</b>	Next meeting: 8 December 2020