

## Minutes of the Employment Consultation Forum

**Date:** 17 September  
**Location:** 100 Parliament Street, London

Co-chair	Maggie Anderson	MA	Stakeholder Management
Co-Chair	Karen Thomson	KT	Chartered Institute of Payroll Professionals
Secretary	Carole Carter	CC	Employer Engagement

### Attendees:

Trevor Blackmur	TB	Association of Taxation Technicians
Colin Ben Nathan	CBN	Chartered Institute of Taxation
Norman Green	NG	British Computer Society
Linda Pullan	LP	Payroll Alliance
Alex Rowson	AR	Business Application Software Developers Association
Brian Stenhouse	BS	Armstrong Watson
Ken Voller	KV	Institute of Chartered Accountants England and Wales
Helen Harvey	HH	Payroll Bureau – Nanny Tax
Jason Piper	JP	Association of Chartered and Certified Accountants
Glenn Collins	GC	Association of Chartered and Certified Accountants
Peter Bickley	PB	Institute of Chartered Accountants England and Wales
Simon Parsons	SP	Payroll Bureaux
Jackie Petherbridge	JP	Federation of Small business and Private Sector Payroll
Julie Hodgkin	JH	Association of accounting Technicians
John Hampton	JHC	Confederation of British Industry
Huw Johns	HJ	Department of Working Pensions Universal Credit

### HMRC

Lucy Allen	LA
Angela Brown	AB
David Lewis	DL
Paul Phillips	PP
Zoe Stokell	ZS
Susan McCormack	SM

### Apologies:

Ian Whyteside	Association of Accounting Technicians
Jon Henderson	Confederation of British Industry
Justine Riccomini	The Institute of Chartered Accountants of Scotland
Jane Turley	International Association of Book-keepers

## 1. Welcome and Introductions

KT welcomed everybody to the meeting.

Minutes for 11 June – CBN's request for statistics under the RTI update had not been included.

## 2. New Forum Discussion

This meeting is the last one to be held as the Employment Consultation Forum. Before today's meeting LA and MA had spoken with most of the members to discuss the transitioning of this forum to become the Employment & Payroll Group (EPG).

MA led a discussion about the proposed changes and outlined the reasons which had led to the decision for change.

More employer representation is needed on the forum and to help with this some members of the Payroll Consultation Panel (PCP) are joining EPG. PCP will then cease.

HJ will also be a permanent member of EPG representing the Department of Work and Pensions (DWP). He will be there to provide the Universal Credit perspective of the employer journey.

SP asked what this would mean in respect of the Expenses and Benefits sub group. MA had spoken with colleagues from the sub groups.

- **Expenses and Benefits** – this group is ceasing and operational issues will be brought to EPG.  
Ad hoc sub groups to discuss specific high level operational and legislative issues will be held to run over short periods. Interested members of EPG will be invited to take part. NG said it was important the right people attended these sub groups to maintain the right overview. MA assured him this was the intention.
- **Statutory Payments** – this group will remain
- **Expat Forum** – this group will remain and discussions are underway to expand the membership. JP requested that the voice of small employers needed to be included on this forum she felt it is currently dominated by large employers. The guidance on the web is not clear for small employers who have expat situations.

**Action – MA** will include this request in her conversations with the Chair of this forum

- **Collection of Student Loans** – this group will remain

It was agreed that EPG will need earlier involvement with policy colleagues and early sight of guidance. MA is working towards this.

EPG will be made up of one member from each representative body. CBN felt this was a good suggestion however it is important any sub groups are shaped appropriately. It is important that colleagues are involved when more expertise is needed this will ensure we get the right input on particular topics. TB also agreed with this.

TB – thought small employers are already represented. He felt it important professionals attend EPG. He deals with very small payrolls and can provide the technical detail.

MA advised that a review of EPG will be carried out after 6 months to check it is working.

JH asked how the CIS aspect would fit into this group. The CIS forum will remain and it is therefore important all technical detail is referred to this forum to avoid duplication.

JP asked about DWP attendance. HJ is attending to cover the universal credit aspect. Dependent on the issues other experts will be invited to attend.

The members would like Debt Management and Banking (DMB) to have a permanent representative on the group. MA is in agreement and is working to facilitate this from December. Members felt a lot of the issues would be solved by having a permanent member on the group.

It is important that EPG is seen as a professional consultative forum for discussions to be held and professional behaviours are evident.

### **Terms of Reference**

We discussed the draft Terms of Reference issued prior to the meeting.

CBN asked about the definition of an intermediary. For the purposes of EPG membership this is any one who is involved in the operation of payroll and PAYE. The focus of this Group is the operation of PAYE and the wider issues. Employer compliance will not be covered by EPG - there are other HMRC forums that deal with this.

Chairmanship – it was agreed that KT should remain as co-chair and the Terms of Reference will be changed to clarify what this role is.

**Action** – the Terms of Reference will be sent out once amendments are made.

MA thanked those members who would remain part of EPG for their time and input into ECF.

### **3. Employer Error (Reg 72)**

AB attended the meeting and outlined the changes to the employer process that HMRC are implementing. Overall it was felt that following the introduction of RTI different issues now apply to this process.

Members discussed the letter which HMRC propose to issue and members agreed it was useful to receive the letter first before phone contact. Employers will not deal with this issue on the phone initially.

There are still many concerns and it was agreed that a separate meeting is needed to fully understand these.

**Action:** AB will look into the possibility of holding a separate workshop in November with a small group and their findings will be fed back to the wider EPG in December.

### **4. GNS messages and Penalties**

DL attended the meeting and discussed the process and purpose of the GNS messages HMRC issue and the revised plans for staged implementation of late filing penalties.

The key messages were:

- **HMRC doesn't want penalties – it wants payments and submissions on time.**
- GNS messages are key to improving compliance and are meant to be helpful

There are three types of routine GNS penalty warning message:

- Late filing – went live in November 2013
- Non filing – re-launched in May 2014
- Late payment – initially started in December 13. This was subsequently suspended until early June 2014. Now going out as business as usual.

DL discussed the GNS triggers and provided examples of how they are created following relevant compliance failures. He stressed that the identification of a non filing failure relied upon HMRC risk assessment of how often any scheme could be expected to file, which would not always reflect the correct position but represented a best judgement.

He confirmed that the date stamp applied to the Full Payment Submission (FPS) should be the time the submission begins to be made. The GNS messages go to the submitter. They do not go to both the agent and the employer. The GNS does not always lead to a penalty.

HMRC has developed a new facility – Penalties Appeals Service – this is an online appeals facility that will allow appeals to be electronically directed to HMRC through PAYE online for 14/15 penalties only. It does not apply to 2013/14 penalties.

Members advised that it would be better for the messages to be delivered around the 10<sup>th</sup> of the month rather than the 6<sup>th</sup>. DL confirmed that this was being reviewed.

## **5. Universal Credit**

HJ advised that UC is receiving a phased, controlled and safe introduction. He gave a run through of the latest statistics which can be found at <https://www.gov.uk/government/statistics/universal-credit-apr-2013-to-aug-2014>

HJ provided an update on the progress of the controlled introduction of UC starting with the Pathfinder. This will progress to the roll-out of the UC live service across the North West and the increasing scope of claimant types with some couples starting in summer and families in autumn. It is the intention that all new benefit claims will be made to UC during 2016 and the majority of existing claimants will have moved over to UC by 2017.

## **6. Tax Summaries**

PP gave an update on the Tax Summaries.

From the end of October to mid December 2014, HMRC will send taxpayers a new personal tax summary.

The tax summary will show the individual how their income tax and National Insurance contributions (NICs) have been calculated for the previous tax year and give an indication of how their taxes have been spent by Government.

It is for information only. It will clearly tell individuals who receive one that they don't need to take any further action.

The information in the tax summary will relate to the tax year ended 5 April 2014. It will also show any NICs paid by the employer to give individuals a clearer indication of the total NICs paid as a result of their employment.

More information is available for employees to view at [www.gov.uk/annual-tax-summary](http://www.gov.uk/annual-tax-summary)

NG asked if the Scottish Rate tax would be included in the summaries in future. As the meeting was held during purdah the question couldn't be discussed. NG would like to know what the summary will look like after SRIT is introduced.

## **7. Scheme Contracted Out Number (SCON) and New State Pension**

ZS and SM discussed the use of the Scheme Contracted-out Number (SCON). Specifically the use of the temporary SCON – this has been used by a small number in relation to the total population. From April 15 the temporary number will no longer be valid.

Members felt that some employers may not realise the number they are using is incorrect.

Increased communication about this will be sent out during October. HMRC will also work closely with pension providers so they are aware that requests for the correct SCON will be coming to them. Employers who are using the wrong SCON will also be contacted by HMRC

Members felt that when searching for the correct SCON dormant numbers were still in the system.

Members asked if information about use of the correct SCON could be included on GNS messages. A strong message is needed that FPS will reject if correct number not used in the future – employers need to be made aware of consequences. They will blame the agent or payroll bureaux.

SP asked if payroll providers could change category D to category A if the employer didn't provide a SCON.

**Post meeting note:** The use of a temporary SCON was a time limited concession because of concerns that not all contracted out employers had their SCON when making RTI returns. Those who are not providing a SCON would have been made aware of the need to provide a valid SCON and it would be unfair to other employers who have taken steps to provide their SCON if we were to now allow D rate contributions to be shown under Category letter A.

SM then went on to discuss the New State Pension Scheme. On 5 April 2016 contracting out will cease and employers will automatically go into a state pension scheme. The contracting out NIC rebate scheme will cease. Categories letters for NICs will change.

Software developers will receive a pack in June 2015.

## **8. AOB**

TB asked whether there any further progress had been made in respect of the questions contained in the final FPS. The group believe that by asking these questions, which was the same process as the former P35 process, means a reduction in year-end administration has not been achieved. This is a particular issue for payroll agents as it means they still need to request answers to the questions and authorisation before sending the final FPS on behalf of clients. KT confirmed this had been raised with the Admin Burdens Advisory Board and the RTI policy team. HMRC are currently investigating this process.

**Action – KT to progress and report back to the Group once a decision is known.**

SP raised an issue in respect of National Insurance Number (NINO) being required by NEST before any tax relief at source will be provided on pension obligations. The automatic enrolment rules require employers and employees to make minimum pension contributions. As part of these contribution levels 1% is deemed to be provided by the Government (HMRC administration). If NEST does not have a NINO they do not allocate the 1%. This will lead to employers not meeting the pension contribution levels. KT and others supported SP as whilst pension schemes all insist on the NINO they also accept it may follow at a later date due to the process of obtaining a NINO. NEST however will not. SP asked for HMRC support in identifying where in legislation it states a NINO must be provided before a pension scheme can claim the 1% tax relief on behalf of the contributor. Urgent assistance is needed for the payroll industry due to the potential financial risks in respect of penalties.

**Action: HMRC will investigate and report back to the group.**

**Zero emission vans** – this is to be phased out between April 2015 and April 2020. More information about this will be published in Employer Bulletin Issue 50.

**RTI201 Letters** - HMRC has carried out a review to improve these letters and external stakeholders were involved in the consultation. No more of the old letters will be issued. The aim is to have the new letters ready for issue in the New Year.

**Apprenticeship Funding Scheme** – the final decision on this will be announced in the Autumn Statement.

**Gov.UK** - The PAYE Employer content is due to transition to GOV.UK on the afternoon of Tuesday 30 September 2014. LP asked members to look at the content and provide feedback at the bottom of each page.

**The newly formed Employment and Payroll Group first meeting will take place on Thursday 4 December in 100 Parliament Street.**