

Payroll Consultation Panel Meeting
19 June 2013
100 Parliament Street
Room 1/50
London SW1A 2BQ

Present:

Tracey Crank - External Rep
Diane Coulson - External Rep
Dave Whitaker - External Rep
Pauline Dunham - External Rep
Phyllis Freedman - External Rep
Wayne Sumner - Chair
Lynn Carroll - HMRC
Matt Ray - HMRC
Mike Purvis - HMRC
Lesley Twitchen - HMRC
Michelle Watson - HMRC
Simon Manclark - HMRC
Emily Barker - HMRC
Mel Burgess - HMRC
Kath Curran - HMRC
Lucy Allen - HMRC

Apologies:

Alison McCrave - External Rep
Alison Paling - External Rep
Josie Smith - External Rep
Natalie Alker - External Rep
Sarah Eason - External Rep

Minutes/Contact point-: Nahid Khan
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Welcome/Introductions - WS introduced Lucy Allen who has recently joined the Stakeholder Engagement Team.

1. Tax Free Childcare - Matt Ray/Mike Purvis

MR came to the meeting to tell the forum about the consultation on Tax Free Childcare. This will start shortly and run through to September. HMRC want to work with employers to ensure:

- Tax-Free Childcare makes it easier to work for more people
- the delivery of the scheme is efficient and keeps costs down for all
- the transition period works for employers

Members raised questions about how the new scheme will run in connection with the compliance regime.

They also discussed the necessity for vouchers and raised concerns that parents could lose out to the fees charged. Any system needs to be efficient, fair and competitive.

It was felt some small companies would be less inclined to participate. There were

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also concerns about the transition from old to new. Anyone in the current scheme can continue into 2015, new employers will have to register for the new scheme. You cannot be on both schemes.

DQ - WS asked if it was classed as income, the answer was no.

DQ - LA asked what the timeline on the consultation. MR hoped that it would be launched in 2014-15. There will be a full length consultation lasting approx 10-12 weeks along with a series of workshops.

AP - NK will forward questions to panel members once consultation has been launched.

2. Helpbooks - Lesley Twitchen/Michelle Watson

LT and MW outlined the plans for decommissioning some of the helpbooks. HMRC are beginning to look at the many digital and non digital customer support products in order to:

- ensure we meet the digital by default strategy
- ensure we meet digital customers needs with the best digital product
- reduce duplication of support products available digitally
- ensure we support assisted digital employers with the best product

Analysis has shown the content in the helpbooks listed below are a duplication of guidance available on our website. Statistics held also show the demand for the guidance on our web pages far exceeds the demand for these helpbooks.

An example being the E11 demand totalled 2.78 per cent compared to 97.22 per cent for equivalent web guidance.

HMRC is therefore considering decommissioning:

- E11 (Starting the tax year)
- E13 RTI (Day to Day payroll)
- P49 (Paying someone for the first time)

Before any decision is made HMRC needs to understand and consider employer views and LT and MW led a discussion with the members.

AP - NK to issue a questionnaire for members to complete and issue further as appropriate. The deadline for feedback is **16 July 2013**.

It was stressed that any guidance provided needs to be in a printable format. This is particularly important for employers who live in rural areas with no broadband connection. These employers need to go to the nearest town and use access in libraries to print off what is needed. It is important that as part of the Assisted Digital Strategy HMRC speak with employers in these areas.

It was also stressed by the members that it is imperative HMRC do not decommission production of the tax tables.

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It is also important that the National Archive site is publicised more clearly so that employers know where to find past guidance which could be needed for appeal cases.

3. RTI - Lynn Carroll

LC gave an update migration of RTI, she highlighted the following points:

- RTI went live as planned on 6 April 2013 and is going well with more than 1.4 million employer PAYE schemes successfully reporting in real time.
- 83 per cent of small to medium firms and more than 1 million (77 per cent) micro employers have already started to report PAYE in real time.
- Employers report in real time from the first time they pay their employees on or after 6 April 2013. Therefore employers have been joining RTI gradually.
- HMRC has specified dates for employers with 5000+ employees, and these will join between June and September 2013.
- Most employers will be reporting in real time by October 2013 in time for Universal Credit.

HMRC anticipate that for some employers it will take a little while to get into the routine of reporting RTI on or before the date of payment to their employees. 2013-14 is a year of transition and we want to support employers to meet their new obligations before the automatic late filing penalties start being imposed in 2014-15. If not already reporting in real time, employers (including small employers) should take steps to update or acquire RTI software. HMRC are writing to all those employers who should be reporting PAYE in real time, but who have not started yet. The letter sets out the changes and explains to employers that they have missed a PAYE reporting deadline. It will also point employers to <http://hmrc.gov.uk/actnow/> for more information on getting started. A range of support is available from our web pages, including guidance, YouTube videos and live and pre-recorded webinars (online seminars). Around 219,000 letters will be sent out from the third week in June.

The pilot will continue to be reviewed and the results and published in the summer.

Contact Centres have been busy but performance is good, and response times are in line with published aims for this year to answer 90 per cent of calls and for 80 per cent of calls to be handled in five minutes. Guidance and call handling processes have been improved, frequently asked questions have also been published on the HMRC website.

A discussion took place about penalties and late filing. There will be no in-year late filing penalties if Full Payment Submissions are sent in late, until April 2014. The current penalty process will continue to apply at the year end, with a penalty being charged if the relevant information is not up to date by 19 May. From October 2013, HMRC will send letters so that employers understand that they would have been liable to a penalty.

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LC confirmed that HMRC will continue to use the current method of charging late payment penalties until April 2014. After that, HMRC will use RTI to collect late payments.

LC ended her session by giving examples of how, so far, most employers have found RTI a straightforward, quick and easy experience. Some of the comments included:

'It should definitely save time.'

'It's all very easy.'

'First RTI submission so straightforward it was an 'anticlimax' - it was just like running the payroll before.'

'The Government has claimed the Real Time Information system will make it easier for employers, pension providers and HMRC to administer PAYE. Our experience so far suggests that is so.'

'Everything has gone smoothly.'

'There has been nothing to do. It's been as simple as anything.'

(The extra work was) 'only needing to print off two extra sheets and press one extra button'.

4. Employment Allowance - Simon Manclark/Emily Barker

- From April 2014 the Government will introduce an allowance of £2,000 per year for all business and charities.
- This will be offset against employer Class 1 secondary NICs.
- The allowance will be claimed as part of the normal payroll process through RTI.
- There will be a box on the EPS submission to claim the allowance.
- The Basic PAYE Tools will be revised to include this.
- The allowance only needs to be claimed once.
- There will be a process to highlight if a claim is no longer eligible.
- The allowance cannot be split between schemes.

The full specification is due out shortly.

A number of issues around this were discussed. The main areas raised were the need for HMRC to produce clear timely guidance which gives clear guidelines for employers to make a claim. The guidance also needs to include anti-fraud measures. Members would like the opportunity to be consulted about the guidance which will be produced.

There was some concern expressed about the chosen channel for the claim to be made through EPS however we are now committed to this route.

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5. New online Expenses and Benefits form - Mel Burgess/Kath Curran

MB and KC advised that the new Expenses and Benefits form P11D will go live on 24 June 2013.

<http://www.hmrc.gov.uk/payerti/exb/onlineforms.htm>

A discussion then took place about the impact of the delay on employers who had been waiting for this form. The form was originally due to be available by 19 June 2013. The delay had been compounded as the other options available are submission only and do not calculate and the facility was removed from the Basic PAYE Tools.

HMRC have extended the 6 July filing deadline. A late filing penalty will not be charged as long as the P11D(b) reaches HMRC by 19 July 2013.

Members did not consider that this was acceptable. TC said in the interim there were not any lines to take and she did not receive a suitable steer on how she should file her P11D.

**AOB. Next meeting will be on 11 September 2013 in 100PS room 1/52
12.30 to 16.00**