

EPG Meeting – 8 December

100 Parliament Street – Room 2/39

Elaine Gibson	Co-Chair	CIPP
Maggie Anderson	Co-Chair	HMRC
Carole Carter	Secretary	HMRC

External Stakeholders

Colin Ben-Nathan	Chartered Institute of Taxation
Colin Broad	British Computer Society
Richard Britten	Institute of Chartered Accountants of Scotland
Glenn Collins	Association of Chartered and Certified Accountants
Helen Harvey	Small Payroll Bureau
Ian Whyteside	Association of Accounting Technicians
Simon Parsons	Large Payroll Bureau
Michael Parker	National Farmers Union
Linda Pullan	Payroll Alliance
Hayley Perkin	Association of Taxation Technicians
Alex Rowson	Business Application Software Developers Association
David Heaton	Institute of Chartered Accountants England & Wales
Jane Turley	International Association of Book-Keepers
Sarah Eason	Hydrock
Shawn Healey	Confederation of British Industry
Colin Bruce	LITRG

HMRC

Nahid Khan
Richard Garth
Annette Cuthbertson
Mark Frampton
Matthew Reid
Penny Earle
Shailesh Makwana
Denise Beat
Ian Wallace
Simon Moulden
Sarah Radford
Callum Montell- Boyd
Joanne Collings
Simon Manclark

Apologies

Jackie Petherbridge	Federation of Small Business
Karen Thomson	Armstrong and Watson
David Whitaker	AECOM
Huw Johns	Universal Credits
Alison McCrave	Voluntary Action Sheffield
Tracey Crank	The Compliance Group
Alison Paling	Community Accounting Plus

Agenda Item	Main Points, Conclusions/Discussions, Decisions, Next Steps
1	<p>Welcome/ Agree Previous minutes</p>
2	<p>Scottish Rate of Income Tax – Simon Moulden</p> <p>SM attended EPG to update the group on SRIT. Notification letters were issued to Scottish Rate taxpayers in early December. SM reiterated that it was HMRC who identified Scottish PAYE customers. Employers and/ pension providers are not expected to judge /decide an individual's Scottish taxpayer status. HMRC will contact potential Scottish taxpayers and support products will be developed to help individuals to help understand their obligations regarding any change. Scottish tax codes will be pre-fixed with 'S' and will be reflected in the RTI interface and be adjusted in real time The full definition of a Scottish Taxpayer can be found at www.gov.uk/scottishincometax.</p> <p>It was noted that responsibility for ensuring that HMRC held up to date address details lay with individual taxpayers and that failure to do this would increase the risk of an 'incorrect' tax code being issued.</p> <p>Other Government Departments do not link to HMRC. Advising HMRC of change of address is a very important message to pass on. Even if the Scottish rate stays the same as the rest of the UK it is important HMRC holds correct addresses.</p>
3	<p>Digital Developments- Penny Earle</p> <p>Part of HMRC's Digital Strategy – Personal Tax Account (PTA) bring together each individual customer's information in one place and allows customers to:</p> <ul style="list-style-type: none"> • access the service from a digital device of their choice – at a time to suit them • register for new services, update their information and see how much they need to pay <p>PTA also allows individuals to take ownership of their HMRC affairs.</p> <p>Digital prompts will help customers comply with their obligations and it offers greater convenience and savings to customers in relation to time and the cost of phone calls HMRC will exploit data provided so that it does not have to be repeatedly supplied.</p> <p>The service includes an Assisted Digital Service – this is a trusted helper facility which allows a nominated person to view records but this is not meant to be a service for professional agents.</p> <p>The Marriage Allowance facility is now live:</p>

	<p>https://www.gov.uk/marriage-allowance</p>
4	<p>Disputed Charges- Denise Beat</p> <p>Numbers of referrals into HMRC continue to fall. Following continued analysis of cases no new case types have been identified.</p> <p>As discussed at the last EPG, we are in the process of pulling together a series of educational packages for our customers. These include:</p> <ul style="list-style-type: none"> • You Tube videos; • Twitter messages to notify Employers who have already signed up with us to receive tweets; • Webinars; <p>We are also in the process of exploring the possibility of seeking additional email routes to enable our customers to do more business electronically.</p> <p>Plans are underway to introduce a flag system allowing HMRC to identify cases within our systems that are currently being reviewed. This will be introduced within the next couple of weeks and will cease some debt recovery activity whilst alerting all parts of HMRC that there is a review currently underway on the account.</p> <p>Following discussions at the last EPG regarding customers Self Serving when there is a credit on their record, we have looked critically at the RTI 201 letter - notification of overpayment - and have simplified it to help customers to self-serve. There is also an article published in the Employer Bulletin to aid the process on how to self-serve.</p> <p>We have made some significant improvements to our letters so that our customers have the full YTD figures. This means that the customer need only contact us if the figures quoted within the correspondence are incorrect</p> <p>Members advised that some software packages won't allow specific changes e.g. Earlier Year Updates. HMRC are required to liaise with software developers to discuss this issue further.</p> <p>Members advised that it is crucial that BPT allows employers to file EYUs outside their normal payroll software, for any number of employees, so that HMRC records may be corrected as necessary. This functionality is included on the BPT.</p> <p>Amendments to guidance are required with regards to the correct use of reference numbers, and specifically where they have encountered problems with split payments.</p>
5	<p>Student Loan (Post Grad) - Shailesh Makwana</p> <p>The Government response to the consultation on Post Grad loans was published. SM attended EPG to update the group on the policy, and</p>

	<p>implementation dates the main points were that</p> <ul style="list-style-type: none"> • £10,000 loan per borrower as a contribution towards costs • Payment will be made directly to the individual, in stages • The original intention was to restrict the loan offering to under 30s, as set out in the consultation, but having listened to public views on this, the age restriction has now been lifted to 60, so anyone up to the age of 60 can access this loan. • These loans will become available from the academic year 2016-17 with repayments to start in April 2019. • Repayments will be made concurrently alongside any undergraduate loans • The loan will be income contingent, like the undergraduate loan, meaning borrowers will only start to repay when they earn above a threshold. • This threshold has been set at £21,000 and will remain frozen until 2021. • The repayment of these loans will be through the tax system, mirroring the undergraduate scheme. • The rate of repayment will be 6% of income above the threshold. This is less than the original proposal set out in the consultation, which was at 9%, but again, following responses received to the consultation, this has been reduced to 6%. <p>The loan Interest will be calculated at 3% above RPI and will be written off after 30 years</p>
6	<p>Intermediaries/IR35 – Mark Frampton</p> <p>At the Summer Budget the Chancellor announced that HMRC would open a dialogue with stakeholders about improving the effectiveness of IR35. A discussion document was published on 17 July. HMRC received over 160 written responses and held 14 roundtable meetings with interested parties. No further announcement was made at Autumn Statement as the government is still considering responses to the summer discussion</p> <p>There has been some inaccurate media coverage – options are still being considered and looked at. No decisions have been made.</p> <p>Intermediaries – Next steps</p> <ul style="list-style-type: none"> • Quarter 2 successful – starting to take up cases and use the data • Significant drop in customer contact • Formed a special unit to coordinate cases and raise awareness of the agency and reporting legislation • Series of public engagement events • Delivered increased training to staff – up skilling more of our people • You Tube gone live • Improved Gov. UK live • Employment Status Manual examples in train • Employment Status Manual – Supervision Direction or Control • Campaign set to go live in Q4.

	<p>DA expressed his thanks that this is being looked into and given due thought.</p>
<p>7</p>	<p>Disability Tax Guide - Colin Bruce CB advised that under the HMRC Grant in Aid process the Low Incomes Tax Reform Group has received funding over a number of years to help care and support employers dealing with all tax issues that arise because they have become "accidental employers". Unfortunately local authorities who provide the funding do not always point employers in the right direction for their tax and as such they can find it hard to interact with HMRC especially where disabilities may be an issue.</p> <p>They've used the funding to develop the Disability Tax Guide www.disabilitytaxguide.org.uk which is a website resource covering all the relevant issues for these types of employers</p>
<p>8</p>	<p>AOB</p> <p>Expenses and Benefits - Sarah Radford</p> <ul style="list-style-type: none"> • Termination payments - Autumn Statement - Ministers need more time to consider. Further announcements will be made next year. No implementation before April 17. • Payrolling Benefits - Guidance is going through quality assurance process at moment and will be out before Christmas. <i>post-meeting this was sent out on 16 December.</i> • Penalty regime for incorrect returns only - regulations now being drafted. They do allow for estimation of BIK and charges in year. It is Important to register. • Bespoke scale rates. There isn't a point of contact for the bespoke service. The first version of the I-form needed quite a bit of work, a new version due out soon. • When will the 480 be updated – <i>post-meeting advised the next version is due out at the end of February.</i> <p>Employer Allowance (single-director companies/consultation doc)- Calum Montel-Boyd CM-B provided an update to the group that a technical consultation is currently open on draft regulations to exclude companies with only a single employee, who is also the director, from the National Insurance Contributions Employment Allowance from April 2016. This is a five and a half week consultation to seek comment on whether the draft regulations will achieve their objectives, with a closing date of 3 January. Stakeholders raised concerns that the measure may be vulnerable to avoidance behaviour in the absence of a connected persons test.</p> <p>RTI Post Implementation Review- Richard Garth RG – it is still in the planning phase and will attend the March 2016 meeting</p> <p>Apprenticeship Levy- Joanne Collings/Simon Manclark</p>

	<p>The Apprenticeship Levy and the Chancellor's announcement at AS15 was outlined. The apprenticeship levy will come into effect in April 2017. It will be payable by employers in the UK at 0.5% of paybill.</p> <p>All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.</p> <p>The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.</p> <p>Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance.</p> <p>The levy will apply to employers across all sectors.</p> <p>Paybill will be calculated based on total employee earnings; it will not include other payments such as benefits in kind and pension contributions. It will apply to total employee earnings in respect of all employees.</p> <p>Legislation will be introduced in Finance Bill 2016. Draft clauses will be published early in 2016.</p> <p>There was some more detailed discussion about how the allowance would operate and issues around multiple payrolls, mistimed payments and the definition of earnings. EPG Members indicated a willingness to work with HMRC to help resolve some of the practical implementation issues.</p> <p>The draft regulations are expected to be laid before April 16.</p> <p>MA thanked everybody for their input in the agenda issues raised. We also covered a lot of queries outside of the meeting via email. There will be a lot of work between now and March 16. MA is working to get policy colleagues involved.</p> <p>It is 12 months since the first EPG meeting was held and we intend to carry out a post implementation review prior to the next meeting in March 2016</p>
	<p>Dates for 2016 Wed 9 March 2016 13:00- 16:00- London Wed 8 June 2016 13:00- 16:00- London Wed 7 Sept 2016 13:00- 16:00- London Wed 7 Dec 2016 13:00- 16:00- London</p>