

EPG Meeting - 7 March 2017

100 Parliament Street - Room 2/39

Maggie Anderson **HMRC Co-Chair**

External Stakeholders

Helen Hargreaves	CIPP Co-Chair
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
Hayley Perkin	Association of Taxation Technicians
Alex Rowson	Business Application Software Developers Association
Jackie Petherbridge	Federation of Small Business
Simon Ross	Confederation of British Industry
Linda Pullan	Payroll Alliance
Sarah Eason	Hydrock
Tracey Crank	The Compliance Group
Ian Whyteside	Association of Accounting Technicians
Steve Wade	Institute of Chartered Accountants England & Wales
Simon Parsons	Large Payroll Bureau
Justine Riccomini	ICAS
Michael Parker	National Farmers Union
Huw Johns	DWP

HMRC

Nahid Khan
Richard Garth
Tony Wallace
Alex Raisen
Mark Frampton
Hugh Oatts
Justin Giles
Neil Chattell
Marline Charles

Apologies

David Whitaker	AECOM
Alison Paling	Community Accounting Plus
Frauke Golding	IAB
Alison McCrave	Voluntary Action Sheffield
Karen Thomson	CIPP

Agenda Item	Main Points, Conclusions/Discussions, Decisions, Next Steps
1	<p>Welcome / Agree Previous minutes Helen Hargreaves welcomed everyone to the meeting and previous minutes were agreed.</p>
2	<p>Digital - Tony Wallace TW attended the forum to update on the latest digital; developments and the advantages of being signed up to the PTA. He spoke about the improvements made to PAYE Refresh and the advantages, which will be live at end of May 2017. This meant that more customers pay the right amount of tax in the year and by using the information and the new functionality to keep the customer to pay the right amount of tax. On the whole it will be easier for the customer to understand their tax position if dealt with in year. He stressed it was important more than ever that employers operate the correct tax code. In the short term employers may receive some employee enquiries relating to tax code changes as customers get used to this change. Longer term, however, you should experience reduced contact from your employees regarding under or overpayments of tax. As always it is crucial employers continue to operate the correct code as quickly and accurately as possible. There is support available and HMRC encourages all their customers to use their online Personal Tax Account.</p>
3	<p>Apprenticeship Levy - Hugh Oatts HO attended the meeting to provide an update on guidance for the apprenticeship levy which comes into force on 6 April 2017. After giving an overview of how the apprenticeship levy will work, he spoke about the work HMRC is doing to prepare employers for the introduction of the levy. He highlighted the GOV.UK guidance published on 12 December 2016 which was updated on 1 February 2017, noting that this included additional information and sector specific advice (https://www.gov.uk/guidance/pay-apprenticeship-levy). He also highlighted that the HMRC technical staff manual was published on the same day and that this is linked to at the bottom of the main GOV.UK guidance. This provides further technical information and worked examples. HO also outlined work on agent updates and employer bulletins to increase awareness and prepare employers for the levy's introduction on 6 April 2017. The group highlighted their concern around whether employers who pay their 'PAYE bill' quarterly can do so for the apprenticeship levy. HO agreed to look at clarifying this in guidance.</p>
4	<p>Hidden Economy - Marline Charles MC explained that she was looking into the Tax Gap caused by illegal working and come along to the meeting to discuss this work and asked if any members could help. A couple of members kindly volunteered to provide assistance with this.</p>
5	<p>Withdrawal of EDI - Ian Hall Advised that all EDI customers must move to Internet XML reporting by 19th April 2018 when EDI will be decommissioned as a service. The Digital Customer Relationship Management Team (DCRM) responsible for the migration of EDI customers started their programme with 812 unique trading partners that had reduced to 446 by the beginning of March. The trading partners vary in the number of PAYE schemes they administer ranging from 1 to nearly 7,000. The main contact programme began in January 2017 with the DCRM team addressing customers who had a more complex set up first. They will continue their programme until all</p>

	<p>trading partners have been contacted which is expected by the end of April.</p> <p>Other aspects that were raised included a talk on the differences in submitting multiple RTI files between EDI and the Internet and what can be done with very large data files like splitting or compression. This was followed by an explanation of the PAYE Internet Agent registration and enrolment process that can take up to 2 weeks to complete. EDI customers were advised that if they wanted to set up as agents they should do so now. The talk finished with the proposal to automatically move existing EDI clients to an Internet set up where an automated process will be in place from August with a manual option available until then. EDI trading partners were reassured that the functionality they have with clients will remain the same on the Internet.</p>
6	<p>IR35/Intermediaries - Justin Giles/Neil Chattell</p> <p>JG provided an overview for how the reforms to Off-payroll working in the public sector will be implemented by public authorities and other fee-payers. These reforms move the responsibility for deciding whether an engagement is within the intermediaries' legislation (IR35) from the intermediary (normally a personal service company) to the public authority where the engagement is within the public sector. JG highlighted the guidance that has already been issued, which is being reviewed and updated to reflect the relevant legislation being published on 20 March. JG also mentioned the Check Employment Status for Tax service, which was launched on 2 March 2017 which will help public authorities in making their decisions on whether the legislation applies.</p> <p>EPG challenged HMRC on the right tax codes to be used where the rules apply. NC confirmed that the usual starter processes should apply. In most instances, Starter declaration C should be used as the worker will have a primary employment with their personal service company. The group also raised Student Loan deductions as a concern. NC advised the policy team is aware there is currently a gap in the guidance on Student Loans and is working with relevant colleagues across HMRC to fill that. HMRC also offered to engage further with EPG and other interested groups on the tax treatment for income into PSCs once the legislation is published.</p>
7	<p>Optional Remuneration Arrangements - Alex Raisen</p> <p>AR gave some background the Autumn Statement 2016 where The Chancellor announced that the government intended to amend salary sacrifice (and other Optional Remuneration Arrangements) to pensions, pensions advice, childcare, Cycle to Work and Ultra Low Emission Cars of emissions of 75g CO₂ / km or less. This was after consultation during the summer of 2016.</p> <p>Whilst Spring Budget 2017 and related publishing of guidance and legislation is imminent and so details that could be shared were limited. However, HMRC clarified:</p> <ul style="list-style-type: none"> • Insurance products: The policy intent was to limit the advantages of all benefits in kind, including insurance products. In the technical consultation it was highlighted that the draft legislation incorrectly 'carved out' Excepted Group Life Insurance (s307) and Group Income Protection (s202 (1) (c)), which will be corrected in the final legislation. <p>Employers and employees are still free to allow employees to make deductions from the payroll after tax is deducted, or to continue with their current</p>

	<p>arrangements with the new tax treatment.</p> <p>The government is looking at its wider objectives on health in work separately. The “Work, Health and Disability green paper: Improving Lives” can be found at: https://www.gov.uk/government/consultations/work-health-and-disability-improving-lives. The consultation closed on 17 February.</p> <ul style="list-style-type: none"> • Reimbursed job related expenses and specifically Mileage Allowance Payments are intended to enable employers to pay employees for business mileage expenses as they are incurred. HMRC is aware that some employers will pay their employees a monthly stipend in cash to cover ‘expenses’ and, when business mileage is incurred, will classify an amount as AMAPs. In line with the general policy, and provisions already in the general expenses exemption, when part of an OpRA, these will be taxable and liable to National Insurance Contributions. <p>Employers are still free to make Mileage Allowance Payments to their employees as and when mileage arises, on top of pay.</p> <p>If employers still wish to pay a stipend notionally aligned to expenses, whilst the treatment on payment will change, the employee can claim these expenses in year through their Personal Tax Account.</p> <p>There was wider discussion on the quality and timing of guidance in relation to many measures, including salary sacrifice.</p>
9	<p>Discussion on guidance - All</p> <p>Members raised the implementation of changes currently facing employers, for example Gender Pay Gap, Optional Remuneration Arrangements, Intermediaries/IR35, Apprenticeship Levy and Off-payroll working in the public sector. It was felt that the impacts on employers and software developers were being exacerbated by delays in providing the technical specifications for developers and timely and comprehensive guidance. Members wished to draw these concerns to Jim Harra's attention and the Co-Chairs agreed to take this forward.</p>
	<p>AOB and close</p> <p>Dealt with separately by email.</p>
	<p>Next meeting on June 7</p>