HM Revenue & Customs

Employer Bulletin

Your route to the latest in payroll news

August 2020 Issue 85

Welcome

Hello and welcome to the August edition of the Employer Bulletin

This edition brings you all of the latest HMRC updates and guidance to support employers and payroll agents during this challenging period.

There's the very latest information on the Coronavirus Job Retention Scheme with guidance detailing what employers need to do from August onwards. We've provided you with an update on workplace pension contributions, plus details of the new law to ensure furloughed employees receive full statutory redundancy payments.

The Bulletin also contains other key messages which may be of interest to you, including the forthcoming deadline to report the disguised remuneration loan charge, the latest on off-payroll working rules, VAT updates and the redesign of PAYE Expenses and Benefits service. As always, we encourage you to use our online services to contact or send us information.

HMRC's COVID-19 YouTube playlist is where you'll find details of all our live and recorded webinars in relation to COVID-19 announcements, and make sure you are kept up to date with changes by signing up to receive our email alerts. You can also follow us on twitter @HMRC.gov.uk.

Another useful source of information is the Agent Update, the latest edition has just been released and provides updates for tax agents and advisers.

HMRC is committed to helping businesses in these challenging times. Now more than ever, our aim is to deliver clear, consistent and timely information which is appropriate for employers and helps you to meet your payroll obligations to HMRC. So, if you have any comments or suggestions about any of the content of the Employer Bulletin or would like to see a specific topic covered, please drop me a line at scott.milne@hmrc.gov.uk. Your feedback as always is most welcome.

Many thanks

Scott

Scott Milne
Editor

Content

Coronavirus Job Retention Scheme and what employers need to do from August onwards

Detailed guidance to help employers prepare for changes to the Coronavirus Job Retention Scheme (CJRS) and key dates they need to be aware of can be found on GOV.UK.

What employers need to do from 1 August

From **1 August** CJRS continues to provide grants for furloughed employees, but no longer funds employers' National Insurance (NI) and pensions contributions. Employers now have to make these payments from their own resources for all employees, whether furloughed or not.

What employers need to do from 1 September

- From **1 September**, the government will pay 70% of wages up to a cap of £2,187.50 for the hours furloughed employees do not work
- Employers will need to pay 10% of furloughed employees' wages to make up 80% of their total wages up to a cap of £2,500. The wage cap is proportional to the hours not worked
- Employers will continue to pay furloughed employees' NI and pension contributions.

Job Retention Bonus

The Job Retention Bonus allows employers to claim a one-off payment of £1,000 for every employee they have previously received a grant for under CJRS and who remains continuously employed through to the end of January 2021.

To be eligible, the employee must have received earnings in November, December and January and must have been paid an average of at least £520 per month, a total of at least £1,560 across the three months.

Employers will be able to claim the bonus after they have filed PAYE information for January 2021, and the bonus will be paid from February 2021.

For more information go to GOV.UK. More detailed guidance, including how you can claim the bonus online, will be available by the end of September.

What employers need to do now

If employers intend to claim the Job Retention Bonus, they must:

- ensure all employee records are up to date
- accurately report employees' details and wages on the Full Payment Submission (FPS) through the Real Time Information (RTI) reporting system
- make sure all CJRS claims have been accurately submitted and they have told us about any changes needed (for example if they've received too much or too little).

Please only contact us if you can't find the information you need from GOV.UK. This will leave our phone lines and webchat service open for those who need them most.

We encourage all employers to stay vigilant about scams, which may mimic government messages as a way of appearing authentic and unthreatening. Go to GOV.UK for information on how to recognise genuine HMRC contact.

Make sure you're paying the correct workplace pension contributions

The Pensions Regulator (TPR) would like to remind you that your workplace pension duties apply whether your staff are working or are being furloughed as part of the Coronavirus Job Retention Scheme. However, since the beginning of this month you have needed to pay the pension contributions and National Insurance contributions for your furloughed staff. You will still be able to claim the lower of 80% of staff wages or £2,500 per month for these staff, reducing to the lower of 70% or £2,187.50 per month in September and the lower of 60% or £1,875 in October, with the scheme closing on 31 October.

Read TPR’s guidance to find out more about how to calculate normal pension contributions for furloughed workers who are returning to work part-time, including where there are salary sacrifice arrangements for pensions in place and what to do if your company is struggling to pay contributions. TPR will continue to monitor employer actions to ensure compliance with ongoing duties.

If you offer a defined benefit pension for your staff, you’ll also find the latest information about what to do if you have been temporarily suspending or reducing deficit repair contributions for the scheme via TPR’s COVID-19 webpage.

New law to ensure furloughed employees receive full statutory redundancy payments

An update from the Department for Business, Energy and Industrial Strategy:

The Government has introduced legislation which will ensure that employees who have benefitted from the Coronavirus Job Retention Scheme do not lose out on certain entitlements. The legislation will ensure that a number of statutory rights including redundancy pay, notice pay and compensation for unfair dismissal are based on an employee’s normal pay, rather than their furlough pay (potentially 80% of their normal wage). The announcement of the legislation is available on GOV.UK.

The new legislation will ensure that the entitlements outlined above, relating to termination of employment, are based on an employee’s normal pay rather than on any reduced rate relating to being furloughed. Whilst the Government hope that employers will do everything they can to avoid making redundancies, this legislation will ensure that where someone who had previously been furloughed does lose their job, they receive the full compensation they are due.

ACAS can advise you about how to work out average weekly pay for someone that has been on furlough.

Deadline to report the disguised remuneration Loan Charge - 30 September 2020

If any of your current or former employees have outstanding disguised remuneration loans that are subject to the Loan Charge, the deadline to report the details of their loans is approaching. These loans must be reported to HMRC by 30 September 2020 using the online form on GOV.UK, as well as within the 2018-2019 tax return. Anyone who wants to spread their outstanding disguised remuneration loan balances evenly across the 2018-2019, 2019-2020 and 2020-2021 tax years will need to do so by 30 September 2020, using the same online form on GOV.UK.

What employers should do to report the Loan Charge

We published an article in the April 2020 Employer Bulletin to let employers know about the changes that were made to the Loan Charge rules. We also explained what employers must do if they haven’t yet reported and accounted for the Loan Charge, or if they need to change the information that they have submitted already.

Refunding voluntary payments made in disguised remuneration settlements

As a result of the recommendations in the Independent Loan Charge Review, certain voluntary payments (‘voluntary restitution’) made as part of a disguised remuneration settlement with HMRC can be refunded.

The voluntary payments that can be refunded are those made on or after 16 March 2016, in relation to loans made in unprotected years. An unprotected year is one where we didn’t take action to protect the year, for example, by opening an enquiry.

We have published guidance about which voluntary payments can be refunded and how the scheme works.

Further help and support

Anyone subject to the Loan Charge who thinks they may have difficulties paying what they owe should contact us. We want to help people to pay what they owe by working with them to agree an affordable payment plan.

Those with concerns can call us on **03000 599110**, speak to their usual contact or email ca.loancharge@hmrc.gov.uk.

COVID-19 - are you due a repayment?

If COVID-19 has impacted on your day to day banking responsibilities, we would like to remind you that the quickest and most secure way to receive a repayment is by transfer directly into your bank account. Make sure you enter your bank details on your Employer Payment Summary (EPS). If your software does not include a bank details section, please read the guidance pages for alternative contact information.

Off-payroll working rules (IR35)

The off-payroll working rules (IR35) legislation for changes to non-public sector organisations is included in Finance Act 2020, which has now received Royal Assent. The reform will take effect from 6 April 2021, as previously announced.

You should prepare for the reform taking effect and many organisations have already begun doing so. HMRC will re-launch its package of customer education and support later this year, and the next Employer Bulletin in October will include a full timetable for the support available including webinars, updated guidance and helpful communications resources for you to cascade to contractors and organisations you engage with.

The Check Employment Status Tax tool (CEST) is already available for organisations and contractors to consider the appropriate employment status for tax for contracts running beyond 6 April 2021. HMRC will stand by the results given by the CEST tool, provided it is used in accordance with our guidance and the information entered is accurate, and remains accurate. This is regardless of when the tool is used ahead of April 2021, and means you can already use the tool for engagements that start in April 2021 onwards.

HMRC will continue to refine and improve the support available ahead of April 2021 based upon customer feedback, but any preparation done now will remain valid for April 2021.

Applications open for £50m customs grant scheme

The next phase of the customs grant scheme is now open for applications. It sees a record £50 million investment as part of the measures to accelerate growth of the customs intermediary sector and help meet the increased demand it will see from traders at the end of the transition period.

Customs intermediaries – including customs brokers, freight forwarders and express parcel operators – as well as traders who complete their own declarations, are among those who can now apply for grant funding to support with recruitment, training and IT to handle customs declarations.

To date HMRC has made a total investment of £34m available to support the sector, which has supported more than 20,000 training courses, nearly 15,000 units of IT and the recruitment of almost 600 new customs agents.

The grant can cover salary costs for new or redeployed staff, up to a limit of £12,000 per person and £3,000 for recruitment costs for new employees. This will help them to recruit new staff and train them up ahead of July 2021, when all traders moving goods will have to make declarations.

The grant scheme will continue to offer financial support for training costs to upskill staff and for IT that will allow greater efficiency. The grant for IT will cover expenses for increasing capacity or productivity for customs declarations, customs software, set-up costs, and related hardware.

Grants will be issued on a first come, first served basis. Applications will close on 3 June 2021, or earlier if all funding is allocated. The grant scheme is administered by PricewaterhouseCoopers (PwC) on behalf of HMRC. For more information on the scheme and how to apply, please read the guidance on GOV.UK.

VAT reverse charge on building and construction services delayed

The reverse charge measure will now come into effect on 1 March 2021, in order to help the construction sector deal with the impacts of COVID-19; this will allow businesses more time to prepare. A Revenue and Customs Brief was issued in June, giving more information.

Further information on the scope of the reverse charge and how it will operate can be found in our guidance note.

Every VAT registered construction business will have received an individual letter in February 2020, advising them to check if they might be liable for the reverse charge. If so, they should start to prepare now.

The key aspects are:

- It will apply to standard and reduced-rated supplies of building and construction services made to VAT registered businesses, who in turn also make onward supplies of those building and construction services
- The contractor will be responsible for paying the output VAT due rather than the sub-contractor but can continue to reclaim this amount as input tax
- The scope of supplies affected is closely aligned to the supplies required to be reported under the Construction Industry Scheme but does not include supplies of staff or workers for use by the customer
- The legislation introduces the concept of “end users” and “intermediary suppliers”. This covers businesses or groups of associated businesses that do not make supplies of building and construction services to third parties and as such are excluded from the scope of the reverse charge if they receive such supplies. Examples include landlords, tenants and property developers.

HMRC will be running a series of webinars for businesses and Talking Points webinars for agents.

For business webinars, please register here. If no dates are showing as available, the webinar recordings will be made available online.

If you would like to attend an Agents Talking Points webinar, please go to GOV.UK.

If you have registered to do so, you will be notified when these webinars are run.

More information on the Construction Industry Scheme can be found here.

End of VAT payment deferrals period

To provide government support during the early stages and peak of the COVID-19 pandemic, HMRC gave businesses the option to defer VAT payments if they were unable to pay on time. They could do this without incurring late payment interest or penalties.

Under the scheme, payment of VAT due between 20 March and 30 June could be deferred until 31 March 2021. VAT deferred through the scheme can be paid through ad hoc payments and overpayments ahead of the deadline if preferred, so long as full payment is made by that date.

As planned, the scheme came to an end on 30 June. Businesses now need to set up any cancelled direct debits in time for payment of their next VAT return. Further information can be found on GOV.UK.

If you are VAT registered, you can sign up to Making Tax Digital to experience the productivity benefits of using digital tools. To find out more visit GOV.UK.

Student Loan Repayments

In some situations, you may encounter difficulties in determining:

- whether or not Student and/or Postgraduate Loan deductions are applicable
- what earnings period to use for calculating Student and/or Postgraduate Loan deductions.

The general principle in deciding how to treat income for Student and or Postgraduate Loan deduction purposes is to follow the normal rules for Class 1 NICs.

Examples of what earning periods to use can be found in:

- Guide CWG2
- Collection of Student Loans Manual 17065 and 17070.

Student and Postgraduate Loan Generic Notification Service (GNS) Messages

It is important that you check the HMRC Online Services for GNS messages.

HMRC send GNS messages as a reminder to:

- take deductions
- stop taking deductions
- use the correct plan or loan type.

A fourth GNS message was introduced in April 2020 as a reminder to not take Student Loan or Postgraduate Loan (PGL) deductions for:

- employments subject to the off-payroll working rules
- employees who have an occupational pension rather than a salary.

These employees are not liable for Student Loan and PGL deductions.

If action is not taken from the initial GNS message, a second GNS message will be issued.

If no action is taken on the second, HMRC may contact you by telephone.

Failure to action the GNS message could result in the employee being overcharged for their Student Loan and/or PGL.

New Scottish Student Loan Plan type

On 9 June 2018 Scotland's First Minister announced that Scotland will raise their Student Loan earnings threshold to £25,000 from April 2021. This will be for new and existing borrowers and the repayment period reduced from 35 years to 30 (in line with England & Wales).

This increase in threshold has created the need to introduce a new Scottish Student Loan Plan type.

On 6 April 2021, anyone who has taken a Student Loan from Scotland will repay under a new Plan type 4. Employers will be notified of any plan type moves from Plans 1 to 4, using the current SL1/PGL1 notification process, in time for April 2021.

There is no requirement to take any action just now but do look out for further information and updates in the upcoming Bulletins.

More information on current loan and plan types can be found on GOV.UK.

Finance Act 2020 changes to company car tax

At Autumn Budget 2017 the government announced that it would bring in legislation reflecting the use of the worldwide harmonised light vehicle test procedure (WLTP) for measuring CO_2 emissions for all cars first registered on or after 6 April 2020. The legislation in Finance Act 2020 introduced modified tables of WLTP appropriate percentages (based on emissions) to be used for the purposes of calculating company car tax for the years 2020-2021 and 2021-2022. The appropriate percentage for zero emission cars first registered before 6 April 2020 (with emissions measured under the previous new European driving cycle (NEDC) testing regime) has also been modified for those years.

PAYE Online service for reporting P11D, P11D(b) and P46(car)

We are currently redesigning the PAYE Expenses and Benefits service. This redesign will be in line with Government Design Standards putting more focus on the accessibility needs of our users as well as providing a more user centred experience.

Further information will be provided ahead of the release which is currently expected to be within the last quarter of 2020.

We are looking for organisations that employ anywhere from 5 to 250 employees to participate in our User Research. This is your opportunity to contribute into the design process.

If you would like to be considered to take part please contact: brian.coult@digital.hmrc.gov.uk

The August electronic payment deadline falls on a weekend

The electronic payment deadline falls on Saturday 22 August.

You need to have cleared funds in HMRC's account by the 21 August unless you are able to arrange a Faster Payment to clear on the payment deadline.

Remember, it's your responsibility to make sure your payments are made on time and if your payment is late you may be charged interest and/or a late payment penalty.

So that you know what date to initiate your payment and make sure we receive it on time, you may need to speak to your bank/building society well in advance of making your payment to check single transaction, daily value limits and cut off times.

Toolkits - helping to reduce errors

Accurate record keeping will help to ensure that the correct data can be sent to HMRC by the due dates and reduce delays in payments.

You may wish to download the recently updated National Insurance Contributions & Statutory Payments toolkit. The toolkit contains comprehensive sections that address areas such as Class 1 NICs and statutory payments.

The Expenses and Benefits from employment toolkit has also been updated for 2020 and provides further support for employers. The toolkit contains information regarding:

- vehicles
- travel, subsistence and entertainment
- personal bills
- use or transfer of assets
- optional remuneration arrangements.

The toolkits are designed to help agents and advisers, but we hope you'll find them useful too.

Paying HMRC

There are several ways to pay HMRC. You can do this by:

- Direct Debit
- Faster Payment
- BACs
- CHAPs
- Personal debit card
- Corporate credit and debit card*.

*Payments made by corporate credit card incur a surcharge which goes direct to merchant acquirers, card schemes and card providers. This will also apply to corporate debit cards from 1 November 2020. You may want to consider another payment method if you do not wish to incur this surcharge.

Customers experiencing difficulties should contact HMRC on GOV.UK as soon as possible.

If you know anyone who pays HMRC, particularly by corporate credit or debit card, you may want to direct them to this advice. More information about paying HMRC is available on GOV.UK.

Employment related securities bulletins

If you're not already aware you might be interested to note that 2 Employment Related Securities bulletins have been issued recently – Bulletin 35 on 8 June 2020 and Bulletin 36 on 22 July 2020.

These provide Customers and Agents with information on the various Tax Advantaged Shareschemes that may have been impacted by COVID-19.