



Welcome

Hello and welcome to October's edition of the Employer Bulletin

I would like to start this month's introduction with an apology. August's bulletin was updated to correct the article "Benefits and Expenses: Company cars", but unfortunately the bulletin was not updated to show the change of date and version. I am sorry this happened and have reviewed our processes to ensure this doesn't happen again.

This edition has some important information around "Paying employees when the regular payday is a non-banking day", PAYE Settlement Agreements, Welsh rates of Income Tax, National Minimum Wage and Apprentices. There are also articles on the Construction Industry Scheme (CIS) and various webinars.

We will continue to use the Employer Bulletin to tell you about new products and changes which may affect you and to give you access to further information if you need it. With that in mind I'd also like to encourage you to sign up to receive an email alert from us each time a new edition of the Employer Bulletin is published. The email alert system is no longer tied to a PAYE reference number meaning that it's no longer just employers who can sign up and there are no restrictions on the number of individuals per company who can receive the alert.

So make sure you don't miss any future updates by signing up to receive one of our [new email alerts](#). You can also follow us on Twitter [@HMRCBusiness](#) and [@hmrcgov.uk](#)

Another useful source of information is the Agent Update, the next edition of [Agent Update](#) will be available soon and provides guidance for tax agents and advisors.

And finally our aim is to be able 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 john.berry@hmrc.gsi.gov.uk Your feedback is always most welcome.

John Berry
Editor

Content

- 2 Paying Employees when the regular payday is a non-banking day
- 2 PAYE Settlement Agreements for Scottish Income Tax
- 2 PAYE Desktop Viewer Update
- 2 Construction Industry Scheme (CIS) - Helpful reminders for Contractors
- 3 Toolkits - helping to reduce errors
- 3 Welsh rates of Income Tax (WRIT)
- 3 Home Office EU Settlement Scheme communications toolkit
- 4 New bite-sized webinars for National Minimum Wage and National Living Wage
- 4 Are you paying Apprentices the correct rate?
- 5 Extending security deposit legislation

- 5 Apprenticeship Service Transition
- 5 Expenses and Benefits webinars
- 6 Advance statutory payment of Maternity, Parental, Paternal or Adoption Pay
- 6 Spotlight on Umbrella companies
- 6 Employer compliance settlements - withdrawal of Corporation Tax concession
- 6 New PAYE trigger - real time adjustments to tax codes
- 7 Tell ABAB Survey
- 7 Closure of childcare vouchers and directly contracted childcare to new entrants (UK wide)
- 8 Disguised Remuneration Loan Charge - Reporting Requirements
- 8 Improving the wellbeing of your employees

Paying employees when the regular payday is a non-banking day

We understand that the article in the [August 2018 Employer Bulletin](#) “Reporting your payroll information accurately and on time” needs some clarification around payment dates and paying employees particularly when a regular payday falls on a non-banking day.

Operation of PAYE and Class 1 National Insurance contributions when the regular date for payment is a non-banking day

When a regular payday falls on a non-banking day (Saturday, Sunday or bank holiday) and because of this payment is made on the:

- last working day before the regular payday
- next working day after the regular payday.

For PAYE purposes the payment may be treated as having been made on the regular payday. This is also the date that should be reported on the Full Payment Submission (FPS) as the ‘payment date’ even if the actual payment is made slightly earlier or later.

For National Insurance contributions purposes the payment must be treated as if it had been made at its regular time, if the actual and regular payment days are in the same tax year. The payment may also be treated as having been made at its regular time when the payment dates cross a tax year.

Detailed guidance on this subject can be found at Point 1.8 of the [CWG2](#) Further Guide to PAYE and National Insurance contributions.

PAYE Settlement Agreements for Scottish Income Tax

The PSA1 form that employers complete to submit PAYE Settlement Agreements (PSAs) has now changed. When you complete a [PSA1 form](#) for the 2018 to 2019 tax year you will now be asked whether the ‘expense or benefit’ is for a Rest of the UK (rUK) taxpayer or a Scottish taxpayer, this will allow you to be able to provide PSA details using the rates and threshold changes for Scottish Income Tax.

PAYE Desktop Viewer Update

The PAYE Desktop Viewer has been updated to version 2.45. The new version includes two new Student Loans Generic Notification Service (GNS) messages (for employers to check where they may have applied the wrong Student Loan plan type or shown a zero Student Loan deduction amount inappropriately). If you haven’t done so already, please [download the updated version](#).

Construction Industry Scheme (CIS) – Helpful reminders for Contractors

In the April 2018 edition of the Employer Bulletin we included some helpful reminders for contractors operating in the Construction Industry Scheme (CIS). Here are some further hints and reminders to help you when submitting your monthly contractor return.

Subcontractors with Gross Payment Status

Each month contractors must send HMRC a complete return of all payments made to all subcontractors within the scheme in the preceding tax month. This is regardless of whether the subcontractors were paid:

- net of the standard deduction of 20%
- net of the higher deduction of 30% or
- gross (you still need to include gross payment status subcontractors on your monthly submission if you pay them in the month even though no deductions have been made from their payments).

This monthly return must reach us within 14 days of the end of the tax month it is for. You can make your monthly returns using either:

- the free [HMRC CIS online service](#) or
- [commercial CIS software](#).

Reporting a Period of inactivity or cessation

Contractors who know they won't be paying any subcontractors for several months should let HMRC know. You can do this by selecting the 'Inactivity Request' box under the declarations section of the return. We'll make your CIS record 'inactive' for 6 months which means you will not need to send us any monthly returns (including nil returns) during this period of inactivity. If however the situation changes during that time and you start to pay subcontractors again, you must tell us.

If you stop using subcontractors within the Construction Industry Scheme permanently or stop using subcontractors but continue to have employees liable to PAYE deductions, you need to tell HMRC and we will update your records to show you are no longer a contractor. Once all the required contractor monthly returns have been received up to the requested date of cessation then no further monthly returns (including nil returns) should be submitted. If however you start making payments to subcontractors under the Construction Industry Scheme again you need to tell us.

Toolkits - helping to reduce errors

HMRC has a [range of toolkits](#) providing guidance on how to avoid common errors and helping you to file the correct information by the due dates.

Although the toolkits are principally aimed at tax agents they may also be of interest to employers, especially;

- The [National Insurance Contributions & Statutory Payments toolkit](#) that provides guidance on National Insurance contributions and statutory payment errors and the steps you can take to reduce the risk of those errors.
- The [Expenses and benefits from employment toolkit](#) which contains sections about; vehicles, travel, subsistence and entertainment, personal bills and the use or transfer of assets. It also has a new section about optional remuneration arrangements.

The toolkits have already helped many people reduce errors, demonstrate reasonable care and file timely and accurate tax returns.

Welsh rates of Income Tax (WRIT)

Customers who have been identified by HMRC as Welsh taxpayers will receive a Notification letter in November informing them of their Welsh taxpayer status.

It is important that HMRC is notified of any change of address to ensure that customers receive their notification letter. Please encourage your employees to check that HMRC has their correct address by registering and logging onto their [Personal Tax Account](#).

Further information

Please find attached below the link for guidance on [Welsh taxpayer status](#).

For more information on the changes go to [Welsh rates of Income Tax](#).

Home Office EU Settlement Scheme communications toolkit

The Home Office has launched a [new communications toolkit](#), which is part of the package of support for employers, local authorities and community groups on the EU Settlement Scheme. Organisations in the UK will now be able to give EU citizens practical advice on how to apply for the EU Settlement Scheme.

More than two thirds of all EU citizens in the UK are currently working, and employers are often a trusted source of information. We know that some businesses are already preparing for the potential impact of the UK's exit from the EU, of which the workforce is a key part.

That's why it is important for employers to understand their roles and responsibilities in relation to the EU Settlement Scheme, which includes:

- having a duty not to discriminate against EU citizens in light of the UK's decision to leave the EU as both a prospective and current employer; and

- current ‘right to work’ checks (e.g. EU passport and/or national ID card) applying until the end of 2020. There will be no change to the rights and status of EU citizens living in the UK until 2021. EU citizens who successfully apply through the Scheme will shortly be able to use their digital status to evidence their right to work. Further details will be published later this year.

The toolkit contains all this information and more in a range of ready-made communications materials, including:

- **Briefing pack** – to be used for presentations, at face-to-face events or webinars with EU citizens
- **Leaflets** – focused on eligibility requirements and how to apply
- **Posters** – providing key information on timelines and the application process
- **Videos/animations** – comprising a ‘how-to’ animation, as well as ‘people like me’ videos.

What next?

Please visit [GOV.UK](https://www.gov.uk), download the toolkit and share the link with your network. As well as the toolkit, key information, dates and video content is on [GOV.UK](https://www.gov.uk) and will be continuously updated to help you and your EU citizens stay informed. You will also be able to sign up for EU Settlement Scheme webinars, so please do regularly check GOV.UK for more details.

EU citizens can also [sign up](#) for regular email updates on EU citizens’ rights and the EU Settlement Scheme from the UK Government.

New bite-sized webinars for National Minimum Wage and National Living Wage

Underpayment of National Minimum Wage (NMW) and National Living Wage (NLW) can result from errors made unwittingly by employers.

In our new series of [bite-sized webinars](#) we aim to help you avoid those errors. The first three in the series, each under 10 minutes long, cover a particular type of error.

- In *Interns, Work Placements and the NMW*, clarity is provided around what has, in the past, been a confusing area for some employers. Just by calling a worker ‘unpaid’ or ‘a volunteer’, even if the individual agrees to this, doesn’t prevent them from qualifying for the minimum wage if they are entitled.
- *Apprentices and the NMW* outlines the correct approach to be taken when applying the apprenticeship rate of pay. It’s not enough to just call somebody an apprentice. Apprenticeships must equip a worker with the skills and ability to enable them to do a trade. Did you know that workers who are 19 or over and have completed the first year of their apprenticeship are entitled to the higher minimum wage rate for their age?
- *Payments, Deductions and the NMW* explains the deductions an employer makes from a worker’s pay, or payments made by a worker to their employer, that reduce pay for minimum wage purposes. It also covers statutory deductions.

Each of the short presentations aims to make it easier for employers to understand their minimum wage obligations.

For further information on complying with minimum wage legislation read our [guide for employers](#).

Are you paying Apprentices the correct rate?

The start of the new academic year often coincides with an increase in the number of young people starting an apprenticeship. Data shows that nearly a fifth of apprentices at Level two and Level three are paid less than the appropriate National Minimum Wage (NMW) or National Living Wage (NLW).

The NLW and NMW rates increased on 1 April. The new rates must be applied from the first day of the first pay period on or after 1 April 2018 and are as follows:

Apprentices are entitled to the Apprentice rate of £3.70 per hour (previously £3.50 per hour) if they are:

- Aged under 19
- Aged 19 or over and in the first year of their apprenticeship.

Apprentices aged 19 or over who have completed the first year of apprenticeship are entitled to the age-related minimum wage:

- 19 to 20 year olds are entitled to at least £5.90 per hour
- 21 to 24 year olds are entitled to at least £7.38 per hour
- 25 year olds and over are entitled to at least £7.83 per hour.

The Government is currently running a campaign advising apprentices to check their pay and complain if they are being paid incorrectly. If you are not paying the correct rate you may receive a Notice of Underpayment from HMRC, setting out the arrears to be paid to your workers together with a penalty. Employers may also be publicly named.

Extending security deposit legislation

Legislation introduced in the Finance Bill 2018 to extend the scope of the existing security deposits legislation to include Corporation Tax (CT) and Construction Industry Scheme (CIS) deductions will come into effect from 6 April 2019.

A consultation on the implementation of this change was held between 13 March and 8 June. Responses to this can be found [here](#).

HMRC has the power to require high-risk businesses to provide an upfront security deposit when considered necessary for the protection of the revenue. Currently this power applies to VAT, PAYE and National Insurance contributions, Insurance Premium Tax (IPT) and some environmental and gambling taxes. From 6 April 2019 this measure will give HMRC the power to also require securities in relation to Corporation Tax and CIS deductions.

This measure will strengthen HMRC's ability to deal effectively with the small minority of rule breakers that will not pay, rather than cannot pay, tax that is due. Businesses that are experiencing genuine difficulties are not the target of this measure.

More information can be found [here](#).

Apprenticeship Service Transition

Government's goal is for all employers to take more ownership of their apprenticeships and access the full range of high quality training provision on offer.

The Education and Skills Funding Agency (ESFA) planned for all employers to access apprenticeship funding, from April 2019, through the apprenticeship service.

Acting on user feedback, ESFA want to ensure that future changes are introduced in a gradual, well-managed way. This will give time for employers and training providers to prepare for the new approach and keep stability in the marketplace.

To ensure a more gradual transition, ESFA will extend current contracts for training providers delivering training for employers that do not pay the apprenticeship levy for 12 months, from April 2019 to March 2020.

ESFA will continue to work with employers and training providers to plan the transition, and will publish further details in the autumn, including:

- what this will mean for providers with existing contracts
- plans to develop the apprenticeship service for all employers.

For more information, visit this [ESFA webpage](#) on GOV.UK.

Expenses and Benefits webinars

If you're paying expenses and providing benefits to your employees, HMRC's webinars will give you the guidance you need.

We have webinars to guide and support you on a range of expenses and benefits related topics. New to expenses and benefits? Thinking of hosting a staff Christmas party for the first time? Have employees who have private use of a company car or van? Unsure of what the tax implications are? Then we have webinars for you.

Also don't miss our brand new webinar Expenses and benefits for employers – the workplace and travel. In this webinar we take a look at the different types of workplace, the '24 month rule', applying the '40% test' and more. We use examples of some of the more common scenarios to provide a better understanding of the tax and National Insurance implications.

Find all our Expenses and Benefits webinars [here](#) at GOV.UK.

Advance statutory payment of Maternity, Parental, Paternal or Adoption Pay

If you apply for an advance statutory payment to be paid by Bacs into your bank account, the name on the bank account must directly match the information HMRC holds on record for you.

For example:

- If you are trading under your business name, then you must provide details of a bank account in the same name and this must match the business name held by HMRC
- HMRC will not pay out to a business name for an individual unless they hold the same details
- If you are an individual requesting a payment, the name on the bank account provided must match the name that HMRC holds for you on their records
- HMRC will only pay you as an individual if you are the sole director for the company and if they hold the business name on their records
- HMRC will not pay any individual director by Bacs if there are multiple directors within the company.

Spotlight on Umbrella companies

Our series of [Spotlight publications](#) on GOV.UK sets out HMRC's view of arrangements that we believe are being used to avoid paying tax.

We have recently published a new [Spotlight on umbrella companies](#) that warns people about umbrella companies that offer to reduce tax bills and increase take home pay. It highlights the risks of using these arrangements and the type of things to look out for.

If you are aware of these types of arrangements operating you should [report these](#) to HMRC.

Employer compliance settlements - withdrawal of Corporation Tax concession

The timing of the deduction of employer compliance settlements for Corporation Tax (CT) purposes will usually follow generally accepted accounting practice (GAAP), subject to any tax law that overrides this.

HMRC [guidance](#) currently indicates that in some circumstances, for example in the settlement terms relating to [tax avoidance schemes](#) that by concession HMRC will accept an earlier CT deduction for employer liabilities than would otherwise be allowed under GAAP.

HMRC will be withdrawing this concession for employer compliance settlements entered into after 30 September 2019 and will no longer allow a CT deduction in an earlier accounting period than would be allowed in accordance with GAAP. HMRC will amend its guidance to reflect this in due course.

New PAYE trigger - real time adjustments to tax codes

Building on improvements that we made to Pay As You Earn (PAYE) in July 2017 we will shortly be introducing a facility to notify employers when they are operating a different tax code for employees to the one held on HMRC's system.

We will update [the PAYE issues briefing](#) on GOV.UK when it is live. We will also provide a further article in the next bulletin.

Why we're making the changes and how will it affect customers

We want to help people pay the right tax on their income as they earn it. This new trigger will help make sure more customers are on the correct tax code and paying the right tax at the right time. It will also reduce the number of customers receiving unexpected tax bills at the end of the year.

The vast majority of PAYE taxpayers won't notice a change; some however may notice their employer switches them to the correct tax code sooner.

If a customer's financial circumstances change between 6 January 2018 and 5 April 2019 and the amount of tax due in the current year is affected, HMRC will adjust their tax code, but only start collecting the tax from 6 April 2019, to make any tax changes more manageable for the customer.

What it means for employers, pension providers and payroll providers

As we implement the new trigger, some employers and pension providers could receive more tax codes over the first few months, but if the codes are operated, the volumes should return back to the usual. The triggers will use the same processes we operate now. Please refer employees to their Personal Tax Account if you receive any contact about tax codes. Regular PAYE RTI submissions will continue unaffected.

This update is for information only and to ensure you are aware of the planned future improvement. We will provide an update in the next bulletin.

Tell ABAB Survey

The Administrative Burdens Advisory Board (ABAB) is an independent board made up of members from a range of businesses and professions who represent the small business community. Their goal is to make a noticeable difference for small business by supporting HMRC to help make tax easier, quicker and simpler.

This work involves listening to the views of small businesses on their experiences of engaging with the tax system. We'd be grateful if you could please spend around 5-10 minutes completing this year's Tell ABAB Survey – accessed via this link [Tell ABAB Survey](#) – by the end of Friday, 19th October.

Results from the survey will be published on GOV.UK during spring 2019, in the Tell ABAB Report.

Closure of childcare vouchers and directly contracted childcare to new entrants (UK wide)

As previously announced, the childcare voucher and directly contracted childcare schemes closed to new applicants on 4 October 2018. These schemes are gradually being replaced with Tax-Free Childcare, which provides parents with up to £2,000 per child, per year towards approved childcare costs (£4,000 for disabled children).

Employees who joined a scheme and had the necessary changes made to their salary on or before 4 October, will see no change. Both you and your employees will continue to benefit from any income tax exemption or National Insurance contributions (NICs) disregard.

Please note that applying to the scheme before the deadline is not sufficient and a new applicant needs to have had the necessary changes made to their salary by the deadline in order to benefit from the income tax exemption and NICs disregard. For any individual enquiries you can contact the Employers Helpline, details of which can be found at: <https://www.gov.uk/government/organisations/hm-revenue-customs/contact/employer-enquiries>

If you continue to offer a scheme for new entrants, you'll need to deduct income tax and NICs on any vouchers given and pay employer NICs after this date.

Your employees need to tell you in writing (for example, by email) within 90 days if they start getting Tax-Free Childcare, so you can stop giving them vouchers and directly contracted childcare with income tax and NICs reliefs. If this means stopping or changing their salary sacrifice arrangement, you'll need to update their contract and your payroll software. Employees won't be able to return to your scheme once they've left.

We have updated our '[Top tips for employers](#)' within our communications toolkit to reflect this change and detail how employers can pay directly into their employees' Tax-Free Childcare accounts if they wish.

We recommend that parents use the [childcare calculator](#) and the [childcare choices](#) website to find out what childcare support they may be entitled to.

Workplace nurseries are not affected by this change.

Disguised Remuneration Loan Charge - Reporting Requirements

If you've used a disguised remuneration scheme that paid your employees or directors in loans to avoid paying tax and National Insurance, there may still be time to settle with HMRC before the loan charge comes into effect on 5 April 2019. You can find out how to do this and what information HMRC require you to provide [here](#).

If you do not settle your disguised remuneration scheme with HMRC before the loan charge arises, you will need to take steps to report any outstanding loans as employment income of the employees or directors to which they relate. These amounts must be treated as employment income of each individual arising on 5 April 2019. The PAYE tax and NICs due on these amounts must be paid by 22 April 2019 if you pay electronically, or 19 April 2019 if you pay by post.

Completing your RTI submission

Your employees have a [legal duty to provide you](#), as their employer, with details of their outstanding loan amounts at 5 April 2019. This duty also applies to any ex-employees. The required information must be provided to the employer by 15 April 2019. This is so that you can report the correct amount of any outstanding loans to HMRC and operate PAYE on them. More information can be found [here](#).

HMRC will publish guidance about how employers need to report outstanding disguised remuneration loan balances before the loan charge arises. You may wish to speak with your payroll software provider now however, to find out if they will support reporting of the DR loan charge. If not, you may need to sign up to Basic PAYE Tools (BPT).

Improving the wellbeing of your employees

World Mental Health Day is 10 October 2018 and HMRC is partnering with the mental health charity Mind to raise awareness around workplace wellbeing. A recent report commissioned by the Prime Minister – '[Thriving at Work](#)' – proposed a set of core standards which all organisations can implement to address this issue. However, with so many different tools out there it's not always clear where to start. In light of this, a new website has been developed to make employee mental health resources easier to find.

On 11 September, the Duke of Cambridge officially launched the Mental Health at Work gateway that Mind have developed together with his campaign, Heads Together. Employers now have a simple way to access to a range of resources, including guides, tips, videos, courses, podcasts and training all aimed at addressing employee wellbeing.

The gateway can be accessed [here](#), and in just a few clicks you will be able to access resources that will help you on your journey to improving your workplace, for the benefit of everybody.

The screenshot shows the homepage of the 'Mental Health at Work' website. The header includes the logo 'MENTAL HEALTH AT WORK' and navigation links for 'Glossary', 'Contact', 'Register', and 'Login'. A search bar is located in the top right. Below the header, there are links for 'Resources', 'Toolkits', 'Case studies', 'Blog', and 'About', along with an 'Urgent help' button. The main content area features a large heading: 'Your first stop for better Mental Health at Work'. To the right of this heading is a short introductory text: 'Whether you work with 10 people, 10,000 people or just yourself, paying attention to mental health in the workplace has never been more important. Mental Health at Work is here to help you find the information and resources you need.' Below this text are two buttons: 'Get started' and 'About this website'. The page also includes an illustration of two people sitting at a table with laptops, and a potted plant. A section titled 'Start finding resources' contains a sub-heading: 'If you're not sure where to start, make a few choices below to help us point you in the right direction for your organisation.' Below this are five buttons: '1 I'm looking for', '2 Sector', '3 Workplace', '4 Your role', and '5 Organisation size'. At the bottom, there are four teal buttons: 'Support for line managers, colleagues & staff', 'Ways to assess my organisation's approach', 'Ideas to improve workplace culture', and 'Help to develop policy and practice'. The footer shows 'Searching 144 resources' and navigation options: 'Go back', 'View resources', and 'Skip question'.