Payroll and Rewards Update 2023

16 May 2023

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Presenters



Today's speaker
Ian Holloway



Today's moderator
Peter Bickley
Technical Manager
ICAEW Tax Faculty

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Housekeeping

To ask a question

Click on the **Q&A** button in the bottom toolbar to open the submit question prompt. Type in your question and click **send**. You can also upvote other attendees questions.

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Resources

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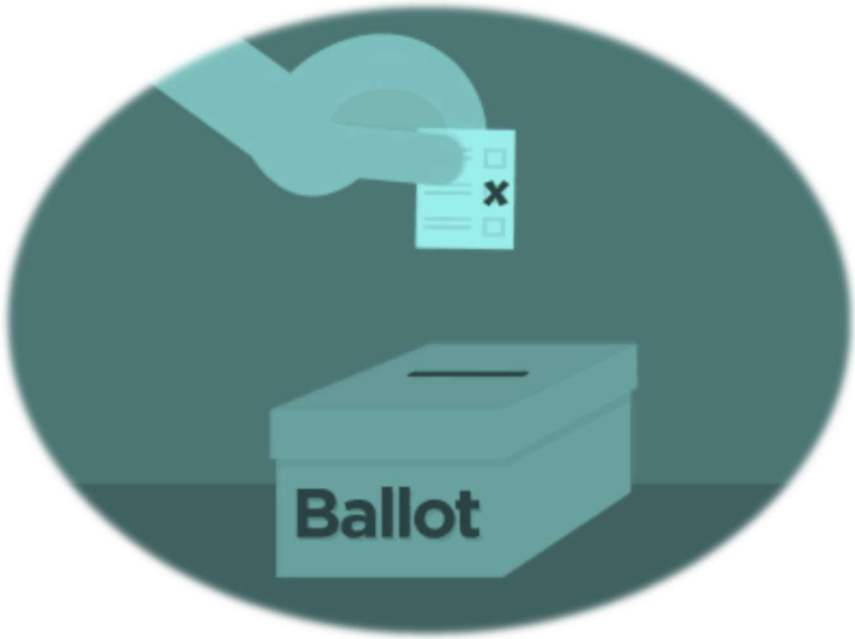
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Agenda

- 2022/23
  - Outstanding issues
- 2023/24
  - Issues
  - Budget
  - TAM Day
- Bits and pieces
- Legislation to look for
  - UK Government Act
  - UK Government Bills
  - Private Members' Bills.



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2022 / 23

- Rates and Allowances
- Tax Faculty News

1. P60 statutory obligations
2. P11D statutory obligations
3. Online P11Ds / P11D(b).

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P60s Obligation



Statutory Obligation

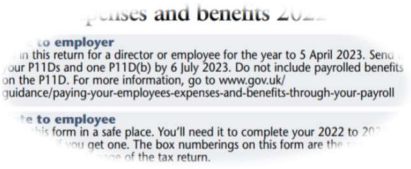
- ONE P60 'before 01 June'
  - Income Tax (PAYE) Regulations 2003 (67)

1. For employees employed on the last day of the tax year
   - And deemed employees
2. Where a payment was made with the obligation to deduct Income Tax

- Leavers:
  - Last known address
- From tax year 2010/11:
  - E-P60s
  - Duplicates no longer have to be marked 'DUPLICATE'
  - Amended P60s can be issued but must be marked 'REPLACEMENT'.

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P11Ds Obligation



Statutory Obligation

- Income Tax (PAYE) Regulations 2003 (85 and 94)

1. A current employee
   - In employment on the last day of the tax year
2. A former employee
   - NOT in employment on the last day of the tax year

Current employees:

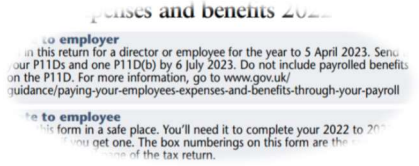
- Before 07 July
- Leaver between 06 April and 06 July
  - Last known address

Former employees:

- On request.

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Online Submission



- [Employer Bulletin February 2023]
- No print / paper P11Ds or P11D(b)s on or after 06 April 2023
  - The Income Tax (Pay As You Earn) (Amendment) Regulations 2023
  - The Social Security (Contributions) (Amendment No.2) Regulations 2023
- Impacts 2022/23 returns
  - And amendments to previous years
- [Submitting forms P11D and P11D(b) online]..

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2023 / 2024

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Considerations



- The Personal Allowance at 2021/22 level
  - £12,570
  - Marriage Allowance (£1,260)
- Student Loan thresholds:
  - Plan 2 and PGL
  - Then Plan 5 for AY 23/24 (English borrowers)
- AE Thresholds
- The rUK Income Tax limits
  - Basic Rate limit (£37,700)
  - UK Higher Rate threshold is £50,270 until April 2028
  - UEL aligned to the Higher Rate threshold
- The Scottish Taxpayer anomaly
  - NICs are payable at the lower rate when earnings exceed £50,270
  - Higher Rate Income Tax payable when earnings exceed £43,662
  - Effective tax rate of 54% (42% + 12%).





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The UK Spring Budget 2023

- 15 March 2023
- 'Employment, Education, Enterprise and Everywhere'
  - Aka 'back to the workplace'









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Investment Zones



- Originally proposed in the Growth Plan
  - HM Treasury's factsheet
- 2024/25:
  - 38 targeted zones in England (with discussions in the devolved nations)
  - Tax reliefs and support
  - No Secondary NICs up to £50,270 for eligible employers employing eligible employees
- 'Refocus' at Autumn Statement 2022
- Spring Budget 2023
  - HMRC Policy Paper
- Powers in place upon Royal Assent:
  - 12 'special tax sites' in Great Britain (discussions in the devolved nations)
  - Tax reliefs and support
  - No Secondary NICs up to £25,000 for eligible employers employing eligible employees
- In software?
  - New NI Letters or re-use F, I, S and L?
  - The IZUST (Investment Zones Upper Secondary Threshold).

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Pensions Tax Allowances

Pensions Tax Relief		
	2022/23	2023/24
	£	£
Lifetime Allowance	1,073,100	1,073,100
Annual Allowance	40,000	60,000
Tapered Annual Allowance (minimum)	4,000	10,000
Money Purchase Annual Allowance	4,000	10,000

- Pension commencement and other lump sums £268,275
  - (£1,073,100 @ 25%)



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The Lifetime Allowance

April 2023

- Tax charge reduced to 0%
- Lump sums greater than £268, 275 at the marginal rate of tax (not 55%)
- If HMRC protection exists on 15 March 2023
  - Workers CAN make further pension provisions

April 2024

- Look for details in a future Finance Bill



- HMRC's Policy Paper
- Pension Schemes Newsletter 148 (March 2023)
- Lifetime Allowance Guidance Newsletter

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Tax Administration and Maintenance Day

- July 2020
  - 'Building a trusted, modern tax administration system'

1. Simplify the tax system
2. Modernise the tax system and
3. Tackle the tax gap

- November 2021
  - Raising standards in the tax advice market
  - Increasing the effectiveness of the Office of Tax Simplification (OTS)
- Spring Budget 2023
  - 'A further set of announcements'
- HOC Written Statement 18 April 2023:
  - 27 April 2023.

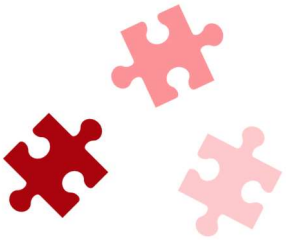
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27 April 2023

- HMRC Policy Paper
  1. Simplification and modernisation of the tax system
  2. Tackling the tax gap, and
  3. Further tax policy and administrative announcements

1. Improving the Data HMRC Collects
2. Tax Repayment via Agents
3. Off-Payroll Working
4. Construction Industry Scheme (CIS) Reform.

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Bits and Pieces



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Public and Commercial Services (PCS) Union

- 432 members to strike for 18 days
  - Glasgow and Newcastle
  - May 10-12, 15-19, 22-26, 29-31 and June 01-02
- 'Significant problems' for:
  - Employer helpline
  - CIS helpline
  - Student Loans Unit and
  - PAYE registrations.



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Employer Bulletin (February 2023)

Payrolling Benefits

- No informal payrolling arrangements from 2023/24
  - Registration closed 10pm 05 April 2023
- Employers 'yet to payroll'
  - Consider payrolling whilst voluntary
- Spring Budget 2023 (point 4.95)
  - HMRC's IT to allow agent access.



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Employer Bulletin (February 2023)

Salary Advances

- Where payment on account are made
  - Such as early access to earned income
- Statutory position is FPS due
  - At the time of the advance payment
- However, HMRC will introduce legislation
  - Reporting on or before contractual payment date
  - Which is NOT the same as the date of payment.



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Employer Bulletin (April 2023)

- Car or van?
  - HMRC and Coca-Cola European Partners Great Britain Ltd.
  - The initial purpose of construction
  - EIM23100
- Student and Postgraduate Loan Generic Notification Service (GNS) messages
  - Don't ignore
- Basis period reform (from April 2024)
  - Sole traders' and partners' profits
- Creating duplicate employments

1. Matching data
2. Payroll IDs
3. Start and leave dates

- RTI data items guide.



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Agent Update (April 2023)

- Economic Crime Levy (ECL)
  - Annual charge where supervised under the Money Laundering Regulations (MLR)
    - £10.2 million
  - Guidance
- Agent Dedicated Line (17 April to 02 June 2023)
  - Self-Assessment
  - Late filling penalties and appeals, and
  - PAYE coding enquiries
- State Pension arears
  - August 2020 to December 2024
  - HMRC assessing liability to Income Tax.



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State Pension Age



Legislation

- Pensions Act 2014
  - 2026 – 2028 66 to 67
- Pensions Act 2007
  - 2044 to 2046 67 to 68
- 2014 legislation requires 5-yearly review



- Due ‘early 2023’
- Mel Stride Ministerial Statement 30 March 2023
  - ‘Next Parliament’.

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Universal Credit Expansion



- RTI interacts with the Universal Credit, so:
  - Reporting of earnings 'on or before' payday, and
  - Correct reporting of the contractual pay date on the FPS
- UC Expansion from April 2023
  - 'Legacy' benefit claimants move to UC, starting with those receiving Tax Credits
  - NOT an automatic migration
- From April 2023:
  - TC claimants to receive Migration Notices
  - Individuals MUST claim UC
  - 'Tax credits are ending and are being replaced by Universal Credit'.

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Ethnicity Pay Gap Reporting





- Voluntary for all employers
- DBT guidance 17 April 2023
  - Understanding and Reporting
  - Collect Ethnicity Data
  - Preparing the Payroll Data
  - Make Ethnicity Pay Calculations
- Mandatory for large employers.

Labour

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Legislation Lookout

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The Parliamentary Bills

- UK Government



- Private Members



Presentation Bills



10-Minute Bills



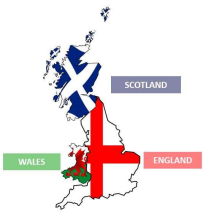
Ballot Bills

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UK Government



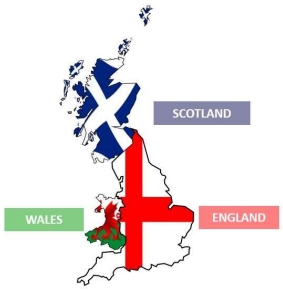
- Seafarers' Wages Act 2023
  - National Minimum Wage equivalent
  - News story
- Data Protection and Digital Information (No. 2)
  - Changes UK GDPR
- Retained EU Law (Revocation and Reform) Bill
- Revokes any EU law at the end of 2023, BUT
  - 'Faster timetable' and consultation
    - 2023 sunset clause removed
    - EU and UK holiday leave legislation merged – and pay
    - 12.07% return of rolled-up holiday pay
    - TUPE and non-compete clauses.



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The Private Members' Bills

- Devolution (Employment) (Scotland) Bill
- Employee Share Ownership (Reform) Bill
- Full Employment Bill
- Miscarriage Leave Bill
- Paternity (Leave and Pay) Bill
- Shared Parental Leave and Pay (Bereavement) Bill
- Worker Protection (Amendment of Equality Act 2010) Bill
- Working Time Regulations (Amendment) Bill.





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The Private Members' Bills

- Employment (Allocation of Tips) ACT (Royal Assent 02 May 2023)
  - Fair allocation of tips
  - UK Government support and press release
- Carer's Leave Bill
  - Unpaid leave for carers (UK Government support)
- Employment Relations (Flexible Working) Bill
  - The day 1 right to request flexible working (UK Government support)
- Neonatal Care (Leave and Pay) Bill
  - Leave and pay where children receiving neonatal care (UK Government support)
- Protection from Redundancy (Pregnancy and Family Leave) Bill
  - Protection during or after pregnancy (UK Government support)
- Worker Protection (Amendment of Equality Act 2010) Bill
  - Harassment protection for workers.



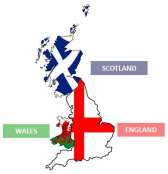


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The Private Members' Bills



- The Workers (Predictable Terms and Conditions) Bill
  - Agency workers receive the right to request more predictable terms and conditions
  - UK Government support
- Pensions (Extension of Automatic Enrolment) (No. 2) Bill
  1. Lower enrolment age to 18 (from 22)
  2. Remove lower QEB
  - UK Government support.



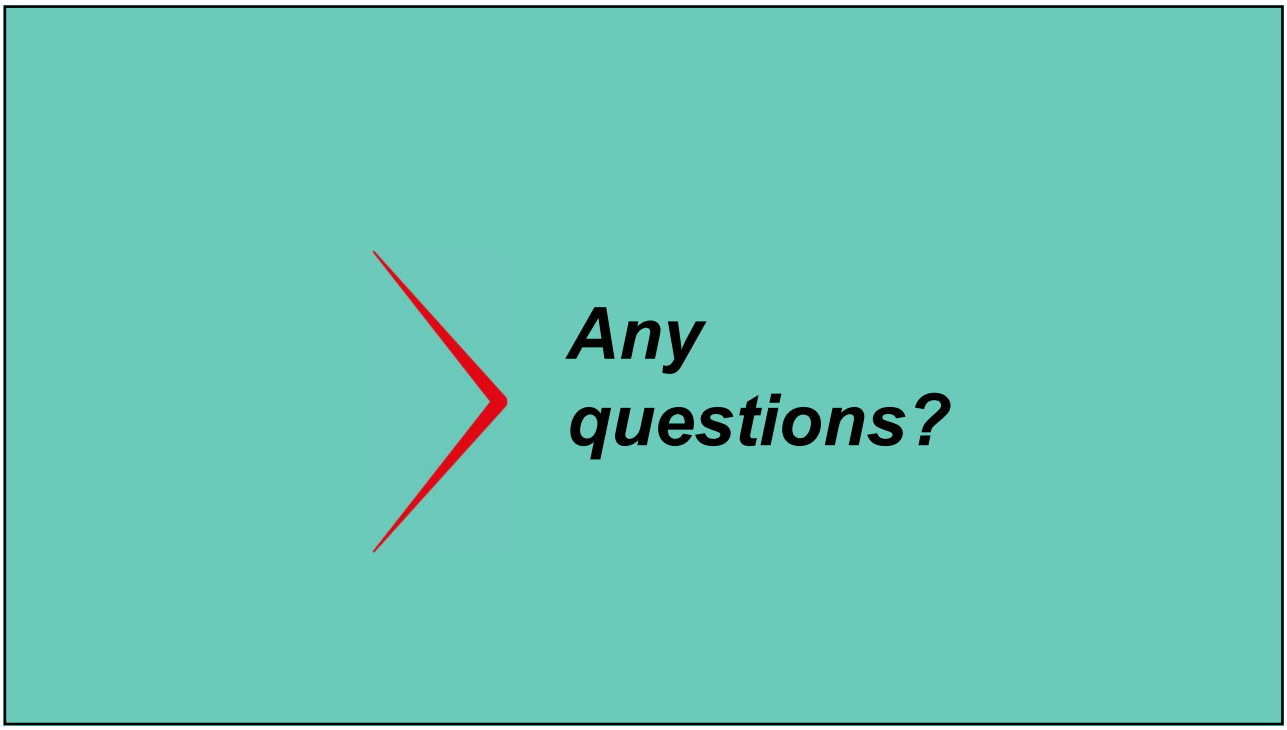
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Future webinars and events

Webinars

6 July: Capital allowances

Events

22 May: VAT at 50 – where next

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