



Employer Bulletin

Your route to the latest in payroll news

April 2020 Issue 83

Welcome

Hello and welcome to this special April edition of the Employer Bulletin

This edition brings you all of the latest HMRC updates to support employers and payroll agents through the Coronavirus pandemic. There's the very latest information on the Chancellor's recently announced schemes including the Job Retention Scheme, Statutory Sick Pay Rebate Scheme, and deferral of VAT payments. There's guidance on how best to support your employees through this challenging period, and the impacts of COVID-19 on Off-payroll working rules, workplace pensions, the independent loan charge and more.

The Bulletin also contains other key messages which may be of interest to you, including an update on claiming Employment Allowance, changes to the Official Rate of Interest, and reporting Expenses and Benefits in Kind, where we advise avoiding delay by using 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

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Editor

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Coronavirus Job Retention Scheme

Employers can now claim online for a grant for 80% of your furloughed employees' salaries, up to a maximum of £2,500 per employee, per month, through the Coronavirus Job Retention Scheme. This scheme will be open until the end of June 2020.

Before employers claim, you need to:

- Read all the available guidance on [GOV.UK](#) before applying;
- Gather all the information and the precise calculations you need before [starting your application](#). If you have a payroll provider, they will be able to help you with this;
- Employers can find out more in the [calculation guidance](#) where you can access a claim calculator;
- Access our simple, step-by-step guide on [GOV.UK](#) for additional help.

We expect to be very busy so we would ask that you only call us if you can't find what you need on GOV.UK or through our webchat service – this will leave our lines open for those who need our help most.

After employers have made a claim, you should:

- Keep a note or print-out of your claim reference number – you won't receive a confirmation SMS or email;
- Retain all records and calculations for your claims, in case we need to contact you;
- Expect to receive the funds six working days after you apply, provided your claim matches records that we hold for your PAYE scheme. Employers should not contact us before this time;
- Ask your furloughed employees not to contact us directly – we will not be able to provide them with any information on individual claims.

HMRC will check claims made through the scheme and will act to protect public money against anyone who makes a claim using dishonest or fraudulent information.

We also encourage all employers to protect your own credentials and please be aware of potential scammers and opportunist criminal activity.

COVID-19 Statutory Sick Pay Rebate Scheme

HMRC continues its urgent work to set up the systems for reimbursement of eligible Statutory Sick Pay costs for employers. The [online guidance](#) has been updated to reflect that this rebate scheme will operate under the Covid-19 Temporary State Aid framework agreed with the European commission. In summary, this will require employers to confirm that the amount of SSP rebate they are claiming will not take them above the temporary framework ceiling which is €800,000 for most employers. Please note that a lower ceiling applies to employers in Agriculture (€100,000) and Aquaculture and Fisheries (€120,000). It is necessary to operate under this temporary framework as the rebate scheme is only available to employers with less than 250 employees prior to 29 February 2020. Full details will be made available through the detailed guidance.

HMRC will continue to update this guidance as further details become available.

Deferral of VAT payments

The Chancellor announced a VAT payments deferral on 20 March to support businesses with cashflow during the COVID-19 pandemic.

This means that all UK VAT-registered businesses can defer VAT payments due between 20 March and 30 June.

You therefore have until 31 March 2021 to pay any VAT deferred as a result of this announcement.

You do not need to inform HMRC if you wish to defer payment. You can opt in to the deferral simply by not making VAT payments due in this period. If you pay by direct debit you should cancel this with your bank. You should do so in sufficient time so that HMRC does not attempt to automatically collect on receipt of your VAT return.

If you receive a reminder before 30 June for a VAT payment you have deferred, you can ignore it.

Should you wish, you can continue to make payments as normal during the deferral period. HMRC will also continue to pay repayment claims as normal. You must continue to submit VAT returns as normal.

For more information [please go to GOV.UK](https://www.gov.uk).

Coronavirus – Supporting employees

This is general guidance to advise you on what support you can provide for your employees, and any tax consequences. It applies to any staff home-working due to COVID-19, either because their workplace has closed or because they are following advice to self-isolate. It does not apply to furloughed workers eligible for the [Coronavirus Job Retention Scheme](#). The tax treatment will be different depending upon whether you provide these things for employees or reimburse purchases made by your staff.

- **Mobile phones and SIM cards (no restriction on private use)** – You may provide a mobile phone and SIM card without a restriction on private use limited to 1 per employee.
- **Provision of Broadband** – If an employee already pays for broadband, then no additional expense can be claimed. However, if a broadband internet connection is needed to work from home where one was not available previously then the broadband fee can be reimbursed by the employer and is non-taxable, as long as the broadband is provided for business and any private use must be limited.
- **Laptops, tablets, computers, and office supplies** – are non-taxable, if mainly used for business purposes and not have significant private use (see detail below).

- **Reimbursing expenses for employee purchased office equipment** – is taxable (see below for Reporting via PAYE Settlement Agreements).
- **Additional expenses such as electricity, heating or broadband** – Payment or reimbursement to employees of up to £6 a week (£4 a week to 6 April 2020) is non-taxable for the additional household expenses incurred when an employee is required to work from home. Receipts will need to be provided if a claim is above this amount. Employees should check with their employers beforehand as to whether employers will be making these payments.
- **Employer provided loans** – A salary advance or loan to help an employee at a time of hardship counts as an employment-related loan. Loans provided with a value less than £10,000 in a tax year are non-taxable. More information on loans can be found [here](#).
- **Temporary accommodation** – Where an employee must self-isolate and cannot do so in their own home, employers are able to reimburse hotel expenses and subsistence costs. The expenses for accommodation and subsistence costs are taxable. More information can be found [here](#).
- **Employees driving their own vehicle** – You can pay Approved Mileage Allowance Payments (AMAPs) of 45p per mile up to 10,000 miles (25p per mile thereafter) for business miles free of tax and NICs. If you do not make these payments, employees can claim tax relief through their Personal Tax Account. More information on AMAPs can be found [here](#).

Detail on “significant private use”

For items which are taxable you need to remember that the exemptions for work related benefits must show that there is no significant private use. HMRC accepts that where:

- the employer’s policy about private use is clearly stated to the employees and sets out the circumstances in which private use may be made (this may include making the conditions clear in employment contracts or asking employees to sign a statement acknowledging company policy on what use is allowed and any disciplinary consequences if this policy is not followed), and
- any decision of the employer not to recover the costs of private use is a commercial decision, for example based on the impractical nature of doing so, rather than a desire to reward the employee.

You are not expected to keep detailed records of every instance of actual private use in order to substantiate a claim for exemption. The “not significant” condition should not be decided purely on the time spent on different uses, but in the context of the employee’s duties and the necessity for the employee to have the equipment or services provided in order to carry out the duties of the employment.

For example, where a computer is provided by an employer because it is necessary for an employee to be able to carry out the duties of the employment at home, it is highly unlikely that any private use made of that equipment will be significant when compared with the business need for providing the computer in the first place.

How to report to HMRC

Any non-taxable benefit or expense should not be reported to HMRC.

Any expense incurred which is related to COVID-19 can now be reported in your PAYE Settlement Agreement (PSA). This means you are able to settle tax and NICs on the benefit or expense, even where the liability would usually be on your employees or on both you and your employees. However, this is limited to COVID-19 related items, so a new desk can go into the PSA, but a new sofa cannot.

If you are currently [payrolling](#) Benefits in Kind, you may continue to report expenses and benefits through your payroll. You may also continue to report expenses and benefits through P11D returns.

The above covers most cases, further information on non-taxable payments or benefits for employees can be found [here](#). HMRC now has a dedicated helpline available to support any of our customers affected by coronavirus (COVID-19). The helpline on **0800 0159 5599** will provide businesses and self-employed individuals concerned about paying their tax with practical help and advice.

Benefits and Tax Credits Update

Can you please let your employees know about the following information:

Benefits and Tax Credits Uprating

As part of a number of measures to support the country during the coronavirus (COVID-19) pandemic, the basic element of Working Tax Credit has been increased by £1,045 to £3,040 from 6 April 2020 until 5 April 2021.

The amount a claimant or household will benefit from will depend on their circumstances, including their level of household income. But the increase could mean up to an extra £20 each week.

The government is also uprating Child Benefit, other tax credits rates and thresholds, and Guardian’s Allowance by 1.7% with effect from 6 April 2020. You can read the [full list of Rates and Allowances](#).

These increases came into effect on the 6 April, but individual payment dates will vary depending on circumstances.

You don’t have to take any action and you will receive any increased payments automatically.

Use the [tax credits calculator](#) to get an estimate of how much you could get in tax credits in a 4-week period.

Tax Credit Renewal

This year, HMRC will automatically renew all tax credits claims apart from those identified as high risk. This means that around 3.9 million customers will have their claim automatically renewed. These customers will receive an auto renewal pack and they will only need to contact us if their details differ from the pack.

We will need more information from 150,000 customers and they will be sent a reply required renewal pack and will be expected to complete it in the normal way.

Please be aware, if you are currently a tax credit claimant and you claim Universal Credit, your tax credit award will be closed from the day before your Universal Credit claim is made. Once you have made a Universal Credit claim it is not possible to revert back to tax credits.

[More guidance](#) is available on GOV.UK.

Reminder - Changes to the Short-Term Business Visitors (STBV) special arrangement under Regulation 141

We published information about the changes to the Short-Term Business Visitors special arrangement under Regulation 141 in [Employer Bulletin 82](#).

The special arrangement under Regulation 141 ended on 5 April 2020 and the new Appendix 8 arrangement started on 6 April 2020. This means that the UK workday limit for a STBV coming to the UK has increased to 60 workdays. Changes to [PAYE81950](#) have been published, along with an application form for employers to join the new Appendix 8 arrangement. However, if you are a current PAYE special arrangement customer and have not yet notified us of your desire to move onto Appendix 8, then please read the Important Note below.

Guidance on the previous special arrangement is now held on [PAYE81949](#).

Important dates

The deadline to return the 2020-2021 application forms to enter the new special arrangement (originally 6 April 2020) has been extended. A new date will be confirmed over the coming weeks in line with government strategy.

Important Note:

Due to the recent COVID-19 outbreak and accompanying advice the Prime Minister and HM Government have issued, we recognise most customers and agents may either be in self-isolation or will be working from home, therefore access to your usual resources may be limited. Therefore, we've reassessed our position and outline the following:

- The deadline to return application forms has been extended to 17 July 2020
- If you are returning your application via post, please do so as soon as you can. We will endeavour to provide confirmation receipt
- If you now wish to respond via our new dedicated e-mail, the address is stbvappendix8referrals@hmrc.gov.uk

- If you require a copy of the application form digitally, please [contact us on here](#).

Please note, there are risks associated with communicating with us via email. Visit [communicating with us via email](#) for further information.

We'll continue monitoring the Government guidelines and the restrictions that are in place. Once the restrictions are lifted, we'll re-assess our position and contact all customers to outline further plans.

Off-payroll working rules - reform delayed until 2021

The Government has announced it is delaying the reform to the off-payroll working rules (IR35) from 6 April 2020 to 6 April 2021.

This notice contains some important information your organisation needs to know as a result of the delay.

We would be very grateful if you would share this with colleagues, clients, members and contractors who may be affected, so they are also aware of the delay in the implementation of these changes.

This deferral has been announced in response to COVID-19, to help businesses and individuals deal with the economic impacts of the pandemic. This is a deferral of the introduction of the reform, not a cancellation.

The Government remains committed to introducing this policy to ensure that people working like employees, but through their own limited company, pay broadly the same tax as individuals who are employed directly. The policy will be introduced on 6 April 2021, representing a 12-month delay.

Private sector and third sector organisations

Contractors working through their own limited company and providing services to non-public sector organisations will continue to be responsible for operating the existing off-payroll working rules, which came into force in 2000. Contractors will need to decide whether they are employed or self-employed for tax purposes for each of their contracts, and deduct the relevant tax and National Insurance Contributions (NICs).

In 2020-2021, organisations in these sectors will not need to determine whether the off-payroll working rules apply, issue status determination statements or deduct income tax and National Insurance Contributions (NICs) before paying the fees for any contractors who work through their own limited company.

Contractors who work through their own limited company can continue to have their invoices paid gross of income tax and NICs by clients and agencies. Payroll need only be operated for individuals who no longer provide services for an organisation as a contractor through their own limited company but are now employed directly.

From 6 April 2020, organisations may notice some additional functionality in their payrolling software – the ‘off-payroll worker subject to the rules’ indicator in PAYE RTI.’ Organisations in the private and third sector should not use this indicator, and should not use payrolling software to make payments to a contractor’s own limited company. Agencies should only use this software for contracts where services are provided to public authorities and fall inside the off-payroll working rules.

Public authorities

This delay means that the current off-payroll working rules in the public sector, introduced in April 2017, will continue to operate as they do now.

The planned changes to the rules were due to bring in additional responsibilities for public authorities. For the tax year 2020-2021, public authorities will not be required to:

- Produce a status determination statement (SDS) and pass it to the worker and the first party in the contractual chain, or
- Have a status disagreement process in place.

These requirements will instead take effect from April 2021.

However, from 11 May 2020 there will be an additional requirement on public authorities, or agencies, for contracts which fall inside the off-payroll working rules. The party paying the contractor’s company will be required to start using the PAYE RTI “off-payroll worker subject to the rules” indicator in payrolling software.

While there is no requirement to start using the off-payroll worker indicator on RTI submissions from 6 April 2020, this function will be available and may be used from that date.

Further support

Due to this delay HMRC will be pausing the customer support and education programme that it has been delivering to help customers get ready. HMRC will resume education and support activities at the appropriate time ahead of the reform in April 2021.

HMRC developed a wide range of guidance and support to help customers prepare for the changes, which are now delayed. These products will be updated shortly and remain available to access to help you prepare for the changes due in April 2021.

Government has also published updated guidance for [employers, businesses](#) and [employees on further support available for those affected by Covid-19](#). More information can be found on the [Coronavirus Business Support](#) page.

Workplace pensions and COVID-19 – The Pensions Regulator update

Although this is a challenging time for many in terms of cashflow and resources, as an employer you still need to meet your automatic enrolment duties (AE) duties.

If you make a claim for a grant under the [Coronavirus Job Retention Scheme](#), you will be able to claim pension contributions (up to the level of the statutory minimum AE employer pension contribution), on the wages included in the grant.

The Job Retention Scheme does not require you to make any changes to your existing pension arrangements or your payroll processes – the current scheme rules and contribution requirements continue to apply.

If you think you may not be able to make your pension contributions, whether you have furloughed employees or not, please speak to your provider. You can explore whether there is flexibility to change the due date for payment of employer contributions to a future date or, whether they may be able to help you plan to pay contributions over a longer period. You could also consider using the [government support packages](#), which are there to help with cashflow.

[Read TPR’s COVID-19 employer guidance](#)

COVID 19 – Salary Sacrifice

If your employee wishes to amend their terms and conditions of employment and opt out of a salary sacrifice arrangement directly because of the change in their circumstances due to COVID-19 (including furlough arrangements), you may accept this. This also applies if you need to suspend or terminate a salary sacrifice arrangement with your employee's agreement directly because of a change in circumstances arising from COVID-19. The guidance at [EIM42771](#) onwards explains what you need to do to make changes to the employment contract. Most importantly, your employee needs to be clear on what their cash and non-cash entitlements are at any given time.

If you set up a salary sacrifice arrangement with an employee before 6 April 2017, there are transitional rules where the benefit is the provision of a car with emissions of more than 75g CO₂/km, the provision of living accommodation or the payment of school fees. These transitional rules apply until April 2021 and more information can be found [on GOV.UK](#).

Arrangements falling within the transitional rules will be subject to new rules if they are varied, renewed or modified, unless the change is:

- directly connected to a change of circumstances as a result of COVID-19
- connected to an employee's statutory sick pay
- connected to an employee's maternity, paternity, adoption or shared parental pay
- only in connection with a replacement because of accidental damage or otherwise for reasons beyond control of the parties.

Independent Loan Charge Review – What employers should do next

The Government's response to the [Independent Loan Charge Review delivered a number of changes to the policy](#). You can find out whether the changes affect you by reading our [guidance](#).

If you are in the process of [settling your disguised remuneration use](#), you can continue working with us to bring your settlement to a conclusion. If you have any questions you should speak to your HMRC contact or send an email to ca.admin@hmrc.gov.uk.

If you are not in settlement talks with us and have not reported and paid the loan charge, you must report any outstanding disguised remuneration loans that you made on or after 9 December 2010. These must be reported on PAYE real time information (RTI) submission(s) for the relevant tax year(s). We have updated the [guidance](#) in line with the loan charge review conclusion to help you report and pay the loan charge correctly.

If you made certain voluntary payments ('voluntary restitution') on or after 16 March 2016 as part of a settlement with HMRC, you may be due a refund. We published [draft legislation](#) on 27 February 2020, along with a [draft scheme](#) outlining how we will refund certain voluntary restitution payments.

You may also be due a refund if you have already paid the loan charge and the loans you reported are no longer subject to the loan charge rules. The [guidance](#) has been updated to explain how to report Earlier Year Update (EYU) amendments for the tax year ending 5 April 2019 in this situation. The guidance has also been updated to show how you should report an outstanding loan where an employee elects to spread their loan charge liability over 3 years.

If you have questions about how the changes to the loan charge may affect you, please call 03000 599110 or speak to your usual HMRC contact. We will be happy to answer any questions you may have.

Problems paying tax because of Coronavirus (COVID-19)

We're continuing to follow government advice and are regularly reviewing our processes to make sure we're supporting customers.

If you are concerned about being able to pay your loan charge or disguised remuneration settlement because of COVID-19, or any other reason, we can agree [instalment arrangements](#) with you. We agree these on a case-by-case basis where necessary and can tailor them to meet individual circumstances.

Tax avoidance promoters targeting returning NHS workers

We are aware that some promoters of tax avoidance schemes are targeting people returning to the NHS to help respond to the COVID-19 outbreak. We have published [Spotlight 54](#) to warn those returning to the NHS against signing up to these arrangements.

If you know anyone who has been advised to use this type of tax avoidance, you may want to direct them towards our Spotlight for more information.

Starter checklist

In the current climate there are a number of new employment opportunities arising. If you have a new employee who does not have a P45 you will need them to complete a starter checklist. It is extremely important that you emphasise that correct completion of this form will ensure that they are given the correct tax code.

During April 2019 to October 2019 we trialled an amended starter checklist with the aim to improve the user experience. The changes made were to the tone and style of the 3 statement boxes – A, B & C. This was to help make it clearer which statement a new employee should choose when completing the starter checklist, if they do not have a current P45.

Feedback and analysis showed that this amended checklist made significant improvements in getting people on the correct tax code first time.

From April 2020 the new checklist will come into effect and GOV.UK will be updated to reflect this change. There is also a [You Tube video](#) available which provides further support.

COVID-19 – DWP Advice

DWP advises those businesses that find themselves needing to increase their workforce as a result of the outbreak, such as those in social care, food logistics, preparation and retail, remember to post vacancies on [Find a Job](#).

Claiming Employment Allowance from April 2020

From April 2020, the Employment Allowance was increased to £4,000 per year. **Before** claiming Employment Allowance, you must check you're still eligible under the new rules.

- You'll continue to claim EA through your Employer Payment Summary (EPS), but claims will not renew, and you'll need to make a new claim for EA each year. You should let your payroll administrator know whether you're eligible or not.
- For 2020-2021 tax years onwards, you can only claim EA if your total (secondary) Class 1 National Insurance contributions (NICs) liability is below £100,000 in the tax year before the year of claim
- **Remember** – when claiming Employment Allowance from April 2020, you **must** provide your business sector on your EPS if your business is undertaking 'economic activity' – this will apply to **most** businesses
 - Business sectors are:
 - Agriculture
 - Aquaculture & Fisheries
 - Road Freight Transport

Industrial/Other for everything else – This sector should be selected if the business is undertaking economic activity and is not within 1-3 above. An example of the type of businesses choosing this option could be a Hair Salon or Restaurant, which would come under this sector as they offer goods and services.

This is required as Employment Allowance will be operated as a de minimis State aid. Therefore, de minimis State aid rules **will** apply if your business is engaged in economic activity, this means providing goods or services to the market. You do not have to make a profit, if others in the market offer the same goods or services, it is an economic activity.

- Only choose '**State aid rules do not apply**' on your EPS when your business does **not** undertake any economic activity. There are some employers, for instance, charities, community amateur sports clubs, employing someone to provide personal care, who may not be engaging in economic activity and therefore outside de minimis State aid rules. An example of this could be a small educational charity, employing staff to teach English as a second language for free in the local community. These employers are still eligible for the allowance, but it will not be classed as a de minimis State aid in these circumstances
- If you've already submitted your EA claim, you can send another EPS to correct information in relation to business sectors.

You can find more [information on GOV.UK](#), where the Employment Allowance guidance has been updated to reflect these changes and what you need to know.

The Official Rate of Interest reduced for the 2020-2021 tax year

The [Official Rate of Interest \(ORI\)](#), which is used to calculate the income tax charge on the benefit of employment related loans and the taxable benefit of some employer-provided living accommodation, has changed.

In March HMRC announced that the Official Rate of Interest is decreasing from 2.50 to 2.25 percent for the 2020-2021 tax year.

How will this affect you?

If you provide employment related loans or living accommodation to your employees, you will need to note the reduction in the interest rate you use when you calculate the value of any benefit for 2020-2021.

The average Interest Rate for the tax year 2019-2020 is 2.50%.

Employer-provided living accommodation - removal of concession for "Representative Occupiers"

The current treatment of individuals provided with living accommodation as "representative occupiers" has been identified as an extra statutory concession (ESC).

A "representative occupier" relates to posts which existed before 6 April 1977 where an employee:

- resides in living accommodation provided rent-free by the employer; and
- who, as a condition of the contract of employment, is required to reside in that particular living accommodation and is not allowed to reside anywhere else; and

- occupies the house for the purpose of the employer, the nature of the employment being such that the employee is reasonably required to reside in it for the better and more effective performance of the duties.

HMRC is responsible for the collection and management of taxes. It may use concessionary treatment which effectively provides a reduced tax liability if the concession is to deal with minor or transitory anomalies and meeting hardship at the margins.

Following a decision in the Court of Appeal HMRC undertook to review the position of all published ESCs and those not published as ESCs but identified as such. The ESC on representative occupiers does not meet the conditions set out for the collection and management of taxes and should either be legislated for or withdrawn.

The government is not going to legislate this ESC and it has decided to withdraw the ESC with effect from 6 April 2021. Announcing this policy change now should allow both employers and employees affected by the ESC's pending withdrawal to make the necessary contractual arrangements. It will also give time for employers to consult with HMRC on possible entitlement to existing statutory exemptions for any employees who may be affected by this change.

Any queries should be addressed to your own HMRC Customer Compliance Manager if appropriate or the [Employer Helpline](#).

Reporting Expenses and Benefits in Kind for the tax year ending 5 April 2020

The deadline for reporting any Expenses and Benefits in Kind is **6 July 2020**.

You need to do this for each employee you've provided with expenses or benefits.

How to report

You can use any of the following quick and easy methods:

- [commercial payroll software](#)
- [HMRC's PAYE Online service](#)
- [HMRC's Online End of Year Expenses and Benefits service](#).

If you cannot use any of the above use our official forms [P11D](#) and [P11D\(b\)](#).

If your report is late, your employees could end up paying the wrong tax and be out of pocket.

You can find more information on Payrolling and Reporting Expenses and Benefits in Kind, at [on GOV.UK](#).

Scottish Income Tax

Following recent Scottish Parliamentary approval, updated Scottish income tax thresholds will become operative from 11 May 2020. More details [can be found on GOV.UK](#).

Changes required to tax coding calculations to implement the updated thresholds will be issued as a standard daily P6 coding notice, not as a P6B as previously stated, from 11 May 2020, to be operated in the next payroll run.

All guidance, products and tools will be updated with these new thresholds from 11 May 2020.

Net of Foreign Tax Credit Relief Scheme

This arrangement only applies to employers who are required to deduct foreign tax in addition to UK PAYE from the salaries of employees who are sent to work abroad. Its aim is to give provisional relief for double taxation to employees who must pay both UK tax and foreign tax on the same payments of earnings. The arrangement is in place due to the taxing rights of the country concerned, otherwise two amounts of tax would be deducted from the employee's gross pay.

At the end of the tax year

The introduction of PAYE reporting in real time does not change the application of the 'Net of Foreign Tax Credit Relief Scheme', where employees are liable to pay foreign tax as well as UK PAYE. You should have included any net UK tax deducted

on their Full Payment Submissions (FPS) throughout the year and any errors should have been corrected before the end of the tax year. If not corrected on the last FPS or by 19 April, you will have to submit either:

- an Earlier Year Update (EYU), or
- for tax years 2018-2019 and later (providing your software supports it) you can correct the mistake by submitting a further FPS with the correct figures.

At the end of the tax year you must send HMRC a statement showing

- the name and NINO of each employee included in the arrangement
- the amount of income subjected to both PAYE and foreign tax
- the total foreign tax deducted
- the amount of foreign tax deducted and remitted to the overseas authority which was set off against that employee's UK PAYE deductions due (foreign tax credit relief).

You should also provide evidence that the foreign tax has been paid.

Where the overseas authority refunds the foreign tax paid, you or your employee should tell HMRC and the employee's liability for that tax year will be reviewed.

Full guidance in respect of the net of foreign tax credit relief arrangement [is available on GOV.UK](#).

Internationally mobile workers - extended filing dates

Some customers with Internationally Mobile workers can register with us to send in returns and make payments under the procedures at Appendix 7A and 7B. The original filing deadline was 31 March 2020.

Due to the recent COVID-19 outbreak and accompanying advice from the Prime Minister and HM Government, we recognise most customers and agents may either be in self-isolation or will be working from home, with limited access to usual resources.

To assist at this time, the deadline for returns and payments has now been extended to 31 May 2020.

Advisory Fuel Rates from 1 March 2020

If you are a company car provider, then please note there have been some changes to the Advisory Fuel Rates from 1 March 2020. There has been no change to the Advisory Electricity Rate for fully electric cars. All rates will be kept under review and are [available on GOV.UK](#).

Company car changes: ULEV and WLTP

In [Employer Bulletin 82](#) we told you about the changes to Ultra Low Emission Vehicles from 6 April 2020. Please revisit this information.

Worldwide Harmonised Light Vehicle Test Procedure (WLTP)

In 2017, the government announced that it will replace the system for measuring car emissions for the purposes of calculating company car tax and vehicle exercise duty with the implementation of the new testing regime. The Worldwide Harmonised Light Vehicle Test Procedure (WLTP) aims to be more representative of real world driving conditions.

Following a [review](#) which reported in July 2019, the government confirmed that new cars first registered from 6 April 2020 will use CO₂ emission figures based on WLTP. Cars registered prior to 6 April 2020 will use CO₂ emission figures based on the current testing regime, New European Driving Cycle (NEDC).

The appropriate percentage bands for 2020-2021 can be [found on GOV.UK](#).

How this affects you

There will be no change to the way you currently report your Company Car Tax data however, you may need to provide additional information.

Reporting a new company car or one made available to an individual for the first time in the 2020-2021 tax year

1. From 6 April 2020 a new zero emission mileage field will be shown on the form P46 (car). If a car has a CO₂ emission figure of 1-50g/km you will now need to provide the car's zero emission mileage. This is the maximum distance in miles that the hybrid car can be driven in electric mode without recharging the battery.
2. The online P46 (car) will be updated with the changes. For paper P46 (car) submissions you will need to ensure you complete the latest version as historic copies may not include the new zero emission mileage field. These will be available through your established method from 6 April 2020.

Payrolling the company car and car fuel benefit

1. From 6 April 2020 if a car has a CO₂ emission figure of 1-50g/km you will now need to provide the car's zero emission mileage figure in the new field available.
2. From 6 April 2020 it will be mandatory to provide the date a car is first registered. A new field will be available to enter this information.

Where to find the additional information:

Zero emission mileage

If you are leasing the vehicle, you should obtain this new data item in the same way you currently receive your Company Car Tax reporting data from the car leasing firm or fleet provider.

If, in extreme circumstances this information is not available, you can obtain the zero emission mileage figure via the car's manufacturer.

If you own the vehicle, the zero emission mileage figure can be found on your vehicle's Certificate of Conformity (CoC).

The zero emission mileage maybe displayed as 'electric range' on the CoC.

- For hybrid cars registered before 6 April 2020 (NEDC) the 'electric range' within section 49.2 on the CoC should be used.
- For hybrid cars registered from 6 April 2020 (WLTP) the 'electric range (EAER)' within section 49.5.2 on the CoC should be used.
- This may also be referred to as combined or equivalent AER (EAER) combined.

If the zero emission mileage figure is displayed on the CoC in kilometres, you will need to convert the figure into miles and round up to the nearest mile before updating this field on the P46 (car), through payroll or providing the figure to your employee.

Failure to obtain the data via the correct source could lead to incorrect company car benefit in kind being calculated.

Date first registered

The car's date first registered can be obtained through the car leasing firm or fleet provider. The information is also available on the car's log book (V5C).

Car Averaging

For car averaging purposes in tax year 2020-2021 onwards any notional CO₂ between 1-50g/km will require a zero emission mileage figure. If this scenario applies a default figure of 50 should be entered in the zero emission mileage field when submitting the company car details to HMRC.

Class 1A liabilities payable on Termination Awards and Sporting Testimonials come into effect from 6 April

Termination Awards

From 6 April 2020, a new Class 1A NICs liability on non-contractual "cash" (or cash equivalent) taxable termination payments over a £30,000 threshold, which have not already incurred a Class 1 NICs liability as earnings, will come into force. This will bring closer alignment between income tax and NICs treatment of termination payments.

This new liability will be chargeable on the employer and will be payable at the same Class 1A NICs percentage rate (currently 13.8%) that applies to existing Class 1A NICs liabilities on Benefits in Kind (BIKs).

However, unlike Class 1A NICs liabilities that arise on BIKs, this new liability will not be payable and reported via the annual P11D(b) payment/reporting process.

Instead, from 6 April 2020 onwards, termination awards that comprise of cash payments will be paid and reported through the PAYE/Real Time Information (RTI) process.

The existing P11D(b) reporting process will be retained for employers reporting Class 1A NICs liabilities arising on BIKs, including the reporting of any BIKs provided to an employee before and after their employment has been terminated (such as the continued provision of a company car).

Sporting Testimonials

From 6 April 2020, any non-contractual and non-customary sporting testimonial payments which exceed £100,000 paid to a sports person by a testimonial committee will incur a Class 1A NICs liability. This follows changes introduced in the Finance Bill 2016 that put beyond doubt the tax treatment of sporting testimonials.

That new Class 1A NICs liability will be chargeable on the sporting testimonial committee and it will be the responsibility of the committee controller to report and pay that Class 1A NICs liability to HMRC.

Cash sporting testimonials payments from 6 April 2020 onwards, will be paid and reported through the PAYE/Real Time Information (RTI) process.

Construction Industry Scheme (CIS) - filing dates and refunds

Limited company subcontractors can off-set CIS deductions suffered against tax and National Insurance payments due for their employees, and CIS deductions from their subcontractors. This should be done monthly (or quarterly, as appropriate) and the calculation should be shown on the company's monthly Employer Payment Summary (EPS) return. At the end of the tax year, when we've received the company's final EPS and Full Payment Submission (FPS), any excess CIS deductions that cannot be set off may be refunded or set against any Corporation Tax or VAT due. Companies must keep a record of the amounts off-set against their PAYE bill. Refunds can't be processed until 24 April and it can take 40 working days for repayments to be made.

A repayment can be claimed online if the company has a Government Gateway user ID and password. If you do not have a user ID, you can create one when you claim online. If a repayment is to be made to an agent or other nominated representative, the claim must be made by post including a completed R38 form.

The Construction Industry Scheme now offers a webchat service, which you can access through [the contact us page](#).

Parental Bereavement Leave and Pay

- On 6 April 2020, the Government introduced a new entitlement to two weeks' paid leave for parents employed in Great Britain whose child dies, or baby is stillborn.
- Parental Bereavement Leave and Pay applies to deaths of children under the age of 18 and stillbirths after 24 weeks' pregnancy on or after 6 April 2020.
- The Parental Bereavement Leave Regulations 2020 and The Statutory Parental Bereavement (General) Regulations 2020 were approved by the Houses of Parliament on Tuesday 3rd March. These Regulations set out the main provisions of the new entitlement, including:
 - A broad definition of a 'bereaved parent' which captures a range of 'parental' relationships;
 - The ability to take the two weeks together or separately, within a window of 56 weeks beginning with the date of death or stillbirth;
 - Minimal notice requirements in order to take parental bereavement leave; and
 - A flexible notice period and minimal evidence requirements for statutory parental bereavement pay.
- These Regulations can be found online at www.legislation.gov.uk, or at the following links:
 - [The Parental Bereavement Leave Regulations 2020](#)
 - [The Statutory Parental Bereavement Pay \(General\) Regulations 2020](#).

- The Government has also made Regulations to make amendments to other secondary legislation in order to reflect the introduction of Parental Bereavement Leave and Pay, as well as to deal with the administration of the new statutory payment, and the entitlement of certain persons abroad and mariners to this payment. Together, these Regulations ensure consistency between parental bereavement leave and statutory parental bereavement pay and other, existing family-related leave and pay entitlements.

Guidance for employers and employees is [published on GOV.UK](#).

Social Security Contributions

HMRC is aware that COVID-19 and measures taken by governments across Europe to tackle the pandemic have created implications around social security coordination rules.

We understand that there are likely to be changes to individuals' working patterns, including their work location or hours spent in different EU/EEA countries, Switzerland, or the UK.

If you have been subject to changes in any of the above areas due to COVID-19 and any subsequent state measures, please continue to pay social security contributions or UK National Insurance as you usually do, unless expressly told otherwise.

Many EU countries are taking a similar approach, however if you are concerned about your social security position in a specific country in the EU, EEA or Switzerland, we would advise contacting the relevant authority directly.

PAYE Desktop Viewer Update

The PAYE Desktop Viewer (PDV) has been updated to version 2.5.

It is vital that you now update PDV to ensure you are using the latest version.

If you haven't done so already, please [download the updated version](#).

Basic PAYE Tools – Further Release

Another update to the Basic PAYE Tools (BPT) will be released on 11 May 2020 to support additional changes for the 2020-2021 tax year. It is important that you have updated to and are using version 20.1 from 11 May 2020.

To update or check for updates you should select “Check now” in the update section of settings in the top right hand corner of the tool. It is also recommended that you should set the automatic update to “yes”.

New customers can download [BPT from GOV.UK](#) where you will also find comprehensive help on installing this software.

Raising standards of tax advice – have your say

Our call for evidence on raising standards in the tax advice market is now open.

Your experience, ideas and evidence are important to us and we really want to hear from you.

The [call for evidence published on GOV.UK](#) on 19 March includes helpful questions to prompt thought – for example:

- Are there any circumstances where a penalty should be levied on the adviser instead of, or in addition to, the client?
- Are there any parts of the tax advice market where there are particular problems? Please share any evidence you have.
- What future changes do you consider will most impact the standards expected of the tax advice profession?

Responding is easy, you can email your views to taxadvicecallforevidence@hmrc.gov.uk or write to:

Tax advice call for evidence,
Agent Policy, CIDD,
HM Revenue and Customs,
9th Floor,
10 South Colonnade,
Canary Wharf,
London E14 4PU.

The call for evidence closes on **Thursday 28 May**.

We look forward to hearing from you.

Stamp Duty – new process for share transactions

We have put temporary measures in place for processing Stamp Duty share transfers.

To protect our customers and staff from the Coronavirus (COVID-19) we can only process documents submitted to us by email, and where Stamp Duty is paid electronically. More information on the new process can be found on [GOV.UK](#).

Please do not send applications to HMRC by post, our staff are working from home and they will not be processed. If you have already posted documents, please resubmit them by email.