Key changes coming in from 6 April 2017

This article is relevant for all employers in the UK

Today's Spring Budget 2017 did not highlight any significant changes which would impact employers/employees from a UK employment tax perspective. Despite this, there are still a number of previously announced changes which are due to come in from 6 April 2017.

This article provides a summary (which believe it or not was meant to be brief!) of the key changes along with recommendations of the actions UK employers need to take. Please note, some of these changes as highlighted will only impact employers of a certain size.

Salary Sacrifice ("optional remuneration arrangements")

From 6 April 2017, any new salary sacrifice schemes (also known as optional remuneration arrangements) implemented by employers will only be tax efficient for certain excluded benefits such as pensions, childcare vouchers, bikes to work and ultra low emission company cars. Any optional remuneration arrangements already in place which offer a wider range of benefits to employees will continue to be effective until 5 April 2018.

Salary Sacrifice (optional remuneration arrangements) – Actions required

If you are a UK employer and do not have such arrangements in place, then there's no immediate action to take. However, it is worth determining whether it would be beneficial to introduce such schemes given the potential tax/NIC savings available on certain benefits.

For any employers who already have such arrangements in place, you have just over 12 months to decide whether or not you are impacted by these changes and what actions you need to take e.g. because you offer benefits which are impacted by these changes. We would recommend reviewing your current schemes sooner rather than later to ensure you have sufficient time to implement any changes.

Apprenticeship Levy

From 6 April 2017, employers with an annual pay bill of more than £3 million will be required to pay the apprenticeship levy at the rate of 0.5% with an annual allowance of £15,000 The annual pay bill includes all payments to employees that are subject to employer Class 1 National Insurance such as wages, bonuses and commissions. Your pay bill does not include for example earnings for expatriates in the UK who are not liable to UK National Insurance. The Apprenticeship levy will be collected by HMRC via the PAYE process on a monthly basis.

Apprenticeship Levy – Actions required

As a starting point, if you have not already done so, it is worth understanding whether you will have to pay this levy based on your current pay bill and if so quantifying the amount of the levy. You can use HMRC's Basic PAYE Tool to work out the amount of the levy you would have to pay.

Although on the face of it the operation of the Apprenticeship Levy seems straightforward, depending on your business there are potential complexities e.g. if you operate multiple payrolls ensuring that the £15,000 allowance is correctly allocated between the different payrolls. Please speak to your payroll vendor to understand what processes they already have in place and whether these are sufficient.

Gender Pay Gap Reporting

Gender pay gap reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees based on a “snapshot date”. The "snapshot date" will be 5 April, starting this year, and the first reports are due on 4 April 2018. These results must be published on the employers own website and a government site. This means that the gender pay gap will be publicly available and easily accessible by customers, employees and potential future recruits.

Gender Pay Gap reporting – Actions required

If you are an employer that has 250 or more employees and are required to comply with these regulations, then the necessary calculations should be undertaken and reviewed to determine if there are any pay gaps and if so the underlying reasons for these.

For employers with less than 250 employees, although it’s not a mandatory requirement, it is still worth considering these rules and determining whether there are any current gender pay gaps and if so, implementing the necessary steps to reduce such pay gaps.

Off payroll working in the public sector

The “Off-payroll working in the public sector” rules move the responsibility for deciding if the off-payroll rules for engagements in the public sector apply from an individual worker’s intermediary to the public authority, agency, or third party paying the intermediary. The measure makes that public authority, agency, or third party responsible for deducting and paying associated employment taxes and National Insurance contributions to HMRC.

Off payroll working in the public sector – Actions required

If you are a public authority, agency or third party that engages with off payroll workers, then it is important to review each of these arrangements to determine whether you are caught under these new rules. In addition, HMRC has released/updated their Employment Status Indicator tool to help assess the employment status of these individuals. If these individuals are deemed to be employees then appropriate processes need to be put in place to operate the necessary PAYE/NIC withholding.

Making good on non-payrolled benefits in kind

From 6 April 2017, employees will have until 6 July to make good on non-payrolled taxable benefits in kind received during the tax year. Please note, this does not impact rules already in place for certain benefits in kind which confirm when an employee is required to make good the benefit in kind e.g. on the provision of company car private fuel.

Making good on non-payrolled benefits in kind - Actions required

If you are an employer that provides non-payrolled taxable benefits in kind and the employee is required to make good part or all of the amount of the benefit, it will be important to update your current policies and guidance to ensure these are in line with the new legislation to minimise the impact on your employees.

About E-Tax Consulting

E-Tax Consulting was set up in 2016 to provide employment, expatriate and personal tax services. With over 11 years of Big 4 experience, we are ideally placed to provide high quality advice which is competitively priced. We value all our clients and to demonstrate our commitment, we guarantee the following: -

- **Exceptional client service -** Guaranteed same day response times to client queries without compromising on quality.
- **In-depth tax knowledge -** Over 10 years' experience working for the largest professional services firms. We provide advice to manage our clients risks whilst remaining practical and commercial.
- **Collaborative approach -** Free introductory call/meeting to better understand your needs and how we can support you.
- **HMRC contacts** - We have a wealth and breadth of experience in negotiating large settlements and securing tax refunds from HMRC across all areas of employment, expatriate and personal taxes.
- **Competitive pricing -** We value our clients and our pricing structure is competitive and on substantial projects is dependent on the feedback we receive from our clients.
- **Tailored advice -** We do not adopt a one size fits all approach and our advice is tailored to your specific circumstances.

Contact Us

Aman Sood
Director
Aman.sood@e-taxconsulting.com
+44 (0) 77 928 12038
www.e-taxconsulting.com