

# Virtual Meeting

20 January 2022



With thanks to our hosts

CERIDIAN

IREEN

## Welcome & Introductions

IReeN

### HMRC Update

*Paula Wyatt, Leonardo Kellaway, Steve Mayne*

- HMRC

- Freeports
- Veterans
- SDS Team update
- Health & Social Care Levy

### Pensions & TPR Update

*Andy Nicholls – The Pensions Regulator*

### Payroll in 2022 – A CIPP summary

*Sam Johnson - CIPP*

### IReeN updates/Air & Share

*IReeN committee*



# The committee

**IREEN**



**Simon Parsons**

SD Worx UK



**Helen Harvey**

Zinnia Payroll Consultants



**Nick Clarke**

Zellis



**Linda Pullan**

Independent Payroll Consultant



**Keith Smart**

Heineken UK



**Samantha Mann**

Armstrong Watson



**Paul Humphris**

Rolls Royce



**Brian Sparling**

Ceridian



**Sam Johnson**

CIPP



**Paula Wyatt**

HMRC

# Maria Hennessey

- Founding member of IReeN
- Payroll Manager at McDonalds Restaurants Ltd
- Involved in many forums
  - TDSF
  - CUG groups
  - AE (NEST)
- Winner of the payroll Strathearn Award for lifetime achievement
- Listed as part of Reward 300
- Maria has stepped down from the committee following her early retirement from McDonalds.
- On behalf of the committee and all the IReeN members, we would like to thank Maria for her support and invaluable contribution over the years and wish her all the best for the future. She will be missed.



# The purpose of IReeN



*To promote the good use of Electronic Exchange*

*To represent electronic exchange employers, agents, payroll software suppliers to government*

*To identify challenges to be overcome in government policies within the operation of payroll*

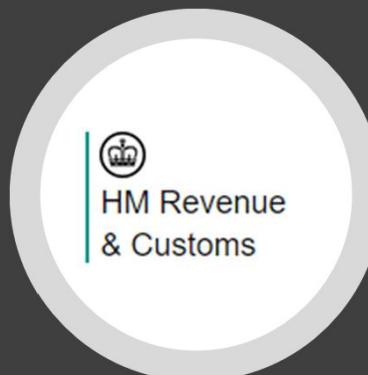
*To promote solutions for the benefit of employers and government*



# About us...

## Active participation in:

- Employment Payroll Group (EPG)
- Statutory Payments Consultation (HMRC/BEIS/DWP)
- BIB Group (BCS / IReeN / BASDA)
- PIP Group (Payroll / Industry / Pensions)



Department  
for Work &  
Pensions



Department for  
Business, Energy  
& Industrial Strategy



# LinkedIn

IREeN the Electronic Exchange with Government user network

>Listed group

Highlight this post by pinning it at the top. [Pin this post](#)

 P Simon Parsons M.Sc FCIPPdip MBCS  
Director UK Compliance Strategies at SD Worx  
1w

Virtual National meeting 20th January 2022 at 1pm  
IReeN are please to be progressing the next IReeN national meeting.

HMRC will be sending representatives to go through some of the changes for April 2022 along with IReeN covering areas of electronic exchange cha ...see more

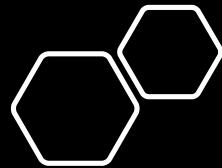
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Call for Evidence: umbrella company market



Call for Evidence: umbrella company market



# IReeN.NET Website

We rely on voluntary support  
– our website is growing  
Payroll news is posted on a regular  
basis.  
Why not sign up to our blog by  
entering your email address on our  
website to ensure you never miss  
any news

# IReeN



**IReeN the electronic exchange with government user network**  
Representing Payroll, Software, Service, Employers and Professionals on government policy and practice with priority focus on Electronic Services

Home Newsletters About IReeN The IReeN Committee National meetings Benefits of joining IReeN Contact

**IReeN Newsletter**  
December 2021

Dear IReeN Members We trust you are all keeping well... As you are aware, the Government's Job Retention Scheme (JRS) closed at the end of September and as lockdown eases across the UK and employees are gradually returning to their offices. In today's newsletter, we wanted to highlight a few snippets of important news for IReeN members.

Categories: #IReeN, #HR, #Business, #Goverment, #Coronavirus, #Job Retention Scheme, #COVID-19, #DFA, #Disruption, #Employment



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Home Newsletters About IReeN The IReeN Committee National meetings

## National meetings

IReeN holds meetings annually (spring and autumn depending on need), to provide members with the opportunity to hear about future challenges that face the payroll and pensions industry directly from the Government departments responsible and industry experts. Also to interact and network with peers.

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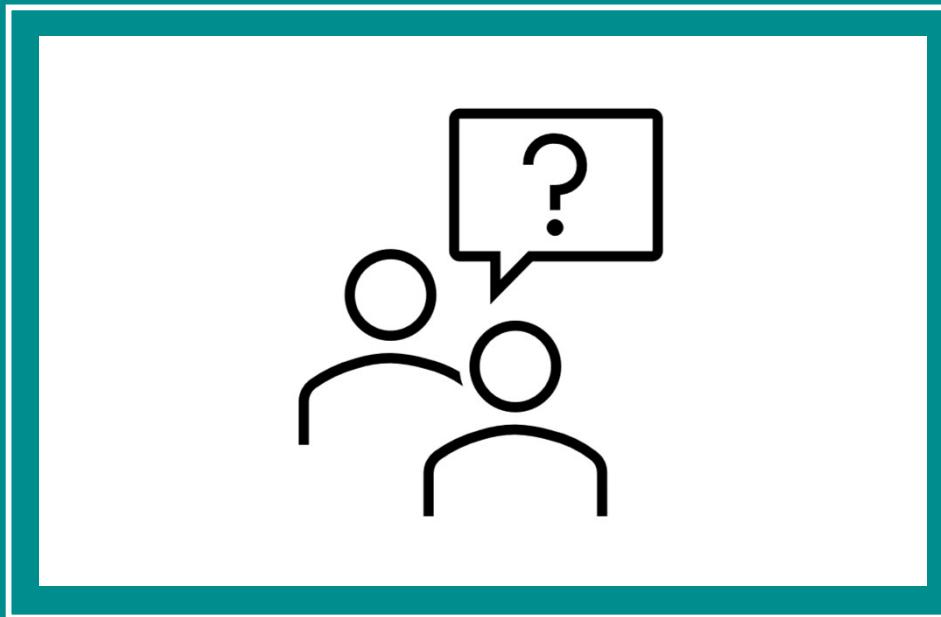
# FREEPORTS EMPLOYER NICS RELIEF

FOR FURTHER DETAILS:

[HTTPS://WWW.GOV.UK/GOVERNMENT/PUBLICATIONS/ZERO-RATE-OF-SECONDARY-NATIONAL-INSURANCE-CONTRIBUTIONS-FOR-FREEPORT-EMPLOYEES/ZERO-RATE-OF-SECONDARY-NICS-FOR-FREEPORT-EMPLOYEES](https://www.gov.uk/government/publications/zero-rate-of-secondary-national-insurance-contributions-for-freeport-employees/zero-rate-of-secondary-nics-for-freeport-employees)

Leonardo Kellaway

OFFICIAL



QUESTIONS

# NICS HOLIDAY FOR VETERANS

Leonardo Kellaway

OFFICIAL

## BACKGROUND

- Conservative Party Manifesto commitment
- Announced at Budget 2020
- **Policy aim:** to support veterans as they transition into civilian life. The government has identified employment as a key tenant of that transition so wants to encourage the employment of veterans by reducing the costs
- Employer NICs (13.8% on wages above the Secondary Threshold) is the single biggest cost to employment
- Relief will apply from April 2021, with a three-year sunset clause. No runoff period, relief will stop on 5 April 2024 unless extended by Ministers
- Policy [consultation](#) launched in partnership with the Office Veteran's Affairs on 21 July and closed on 5 October. A technical consultation on the draft clauses was launched on 11 January and closed on 8 March

# POLICY DESIGN

- **Qualifying veteran:** an individual that has completed at least one day of basic training in HM Regular Armed Forces. Those serving exclusively in Reserve organisations do not qualify. No restriction on when a veteran left HM Armed Forces
- **Qualifying employments** include any employment not within HM Armed Forces and is not restricted to employments within Great Britain. No restrictions on the employments that started before April 2021. Relief available on the portion of salary below the Upper Secondary Threshold (currently £50,270), normal NICs rates apply thereafter. Self-employment does not qualify for relief, nor trigger qualifying period
- **Qualifying period** starts on the first day of civilian employment after the veteran left the Forces and ends 12 months after. Subsequent and concurring employments within that period will qualify

# Evidencing employment of a qualifying veteran

## **Evidence that employee is a qualifying veteran:**

- veteran's P45 from leaving HM Armed Forces
- discharge papers from HM Armed Forces
- veteran's Identification card (which marks their time in the armed forces)
- letter of employment or contract with HM Armed Forces

## **Evidence that relief is being claimed within veteran's qualifying period:**

- veteran's P45 from leaving HM Armed Forces (showing discharge date)
- P45(s) from previous civilian employment(s) (showing start and end dates)
- employment contract from a previous employment, if applicable (in order to determine the start date)

## RETROSPECTIVE 'YEAR 1' SOLUTION – ACTIONS FROM APRIL 2022

Three routes will be available for employers to claim veterans relief retrospectively for 21/22 tax year:

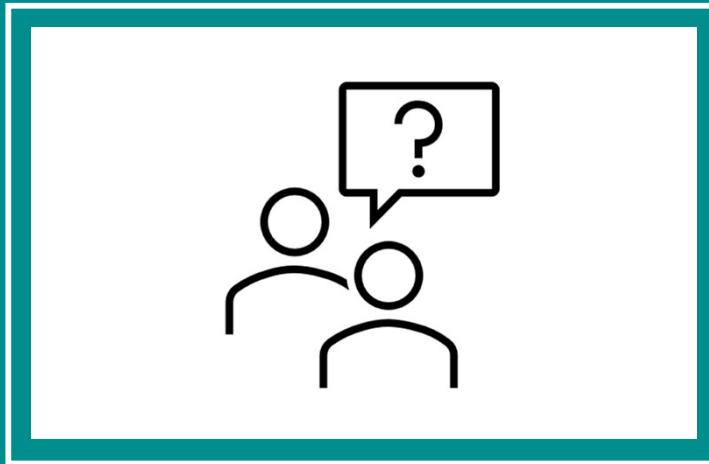
**HMRC's Basic PAYE Tool (BPT)** – existing users of BPT will be able to re-submit a full year's FPS for their veteran employees in order to claim the relief

**Payroll Software** – HMRC has requested that payroll software providers develop functionality for employers to retrospectively submit a full year's FPS for their veteran employees

**Manual claims process** – employers who do not use BPT and cannot retrospectively claim through their payroll software will be able to contact HMRC to retrospectively claim veterans relief. Further information on how employers can do this will be published prior to April 2022, however this process will be similar to existing amendments of returns outside of RTI

## FULL RTI SOLUTION FROM APRIL 2022 ONWARDS

- **From April 2022 onwards, employers will be able to apply the relief in real time through RTI**
- **The relief will be delivered by introducing a new veteran's specific NIC category letter V, which mirrors existing NIC category letter A only**
- **HMRCs Basic PAYE Tool and external payroll software will be updated to support this change**
- **In rare cases, employers may have a veteran employee which they would normally use a different NIC category letter where there is no veterans equivalent for (B, T, C, W, J, Q). In this instance, they should continue to apply the existing standard category for the tax year (including in their payroll software). Then they should contact HMRC at the end of the tax year to engage in a manual process for adjustment, to enable the relief to be claimed outside of a software solution. It is HMRC's belief that such cases will be minimal, due to the eligibility criteria and likelihood of occurring**



QUESTIONS

# SOFTWARE DEVELOPER SUPPORT TEAM UPDATE

Paula Wyatt

OFFICIAL

## 2022/23 CHANGES

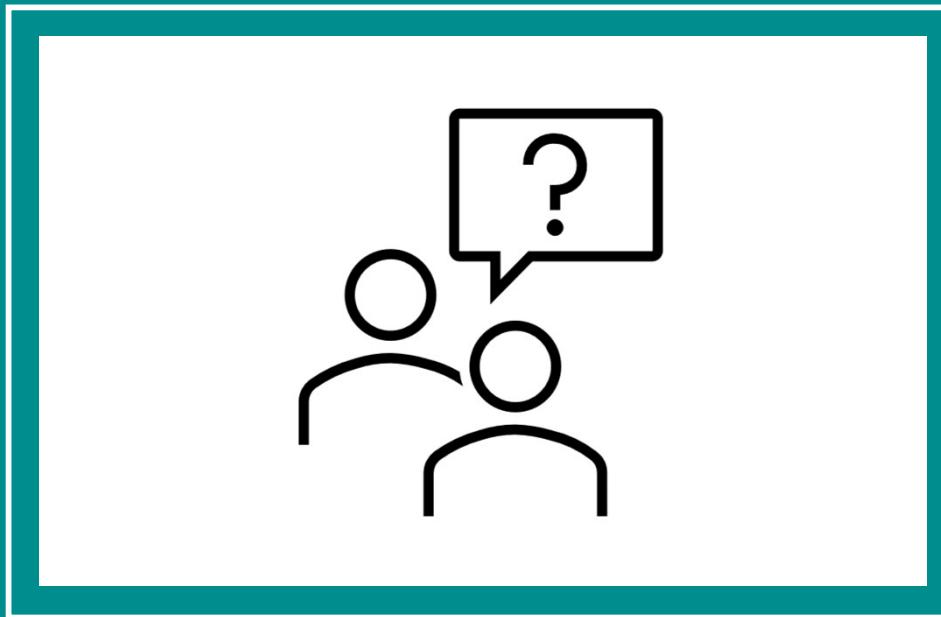
- Freeports Employer NICs Relief (FENR) – Four new NI category letters. SDSt issued guidance 3rd August and 9<sup>th</sup> November 2021.
- NICs relief for Employers of Veterans (NHEV) - new NI category for 2022/23 (retrospective claims for 2021/22). SDSt issued guidance 3<sup>rd</sup> August and an update on 9<sup>th</sup> November 2021.
- Tackling CIS abuse – changes to 2022/23 EPS message for Employers reporting CIS deductions. COTAX UTR now required for non-zero CIS claims, and new error conditions have been introduced
- Health and Social Care Levy (H&SCL) – message to apply to all payslips for the Tax year 2022-23 and should read “1.25% uplift in NICs funds NHS, health & social care”.

## GUIDANCE FOR DEVELOPERS

- 2022/23 RTI Techpack published. Test services (LTS and TPVS) became available from 8<sup>th</sup> October 2021
- DPS test service was updated 13<sup>th</sup> October and included 2022/23 test data
- 2021/22 EXB Techpack published 20<sup>th</sup> October 2021. Test service available 8<sup>th</sup> October (roll-forwards from 2020/21).
- The Specification for PAYE tax table routines document has been updated for tax year 2022-23 on gov.uk
- EB5 NI guidance issued 16 November 2021
- Payroll test data examples for NI issued 2<sup>nd</sup> December with a correction email dated 13<sup>th</sup> December
- Payroll test data examples for Income Tax are currently being developed following the Welsh and Scottish government data
- Student Loan and PGL test data examples will be done once all the rates are known, end of January 2022
- Mandating the previously optional reporting of certain pension payments from April 2022. Bulk email 30 November 2021 with link to guidance: part 2.2.7 of the CWG2
- Security changes for live environment (minor change to https functionality) – updated timeline provided 14<sup>th</sup> December, ie change will be deferred until February 2022 at the earliest

## NEXT STEPS

- Software ‘Recognition’ – planning to publish 2022-23 PAYE recognition information to usual timescale (sometime around late January or early February 2022).
- Data quality –we plan to restart contact with developers with top causes of errors in submissions from their products, to assist them with reducing errors to the benefit of themselves, their users and HMRC.



QUESTIONS

# HEALTH AND SOCIAL CARE LEVY

Paula Wyatt

OFFICIAL



## BACKGROUND

- On 7 September 2021, the Prime Minister announced plans to provide additional funding for health and social care through a new Health and Social Care Levy
- Further details on the plans for health and social care can be found on gov.uk: “Building Back Better: Our Plan for Health and Social Care”  
<https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care>
- The Government also plans to increase the rates of income tax that apply to income from dividends, to help fund these plans
- The changes will come into effect in two parts:
  - **2022-23:** Temporary NICs rate rise
  - **2023 onwards:** Health and Social Care Levy

# HEALTH AND SOCIAL CARE LEVY – YEAR 1

- NICs contributions to increase by 1.25% for employees, employers and self-employed to support governments plan for Health and Social Care
- Change impacts employers, employees and self employed from Apr 2022
- Covers Class 1, Class 1A/1B and Class 4 NICs
- Applies to all main and additional rates
- Equivalent increase in dividend taxes from Apr 2022

## **PAYE only**

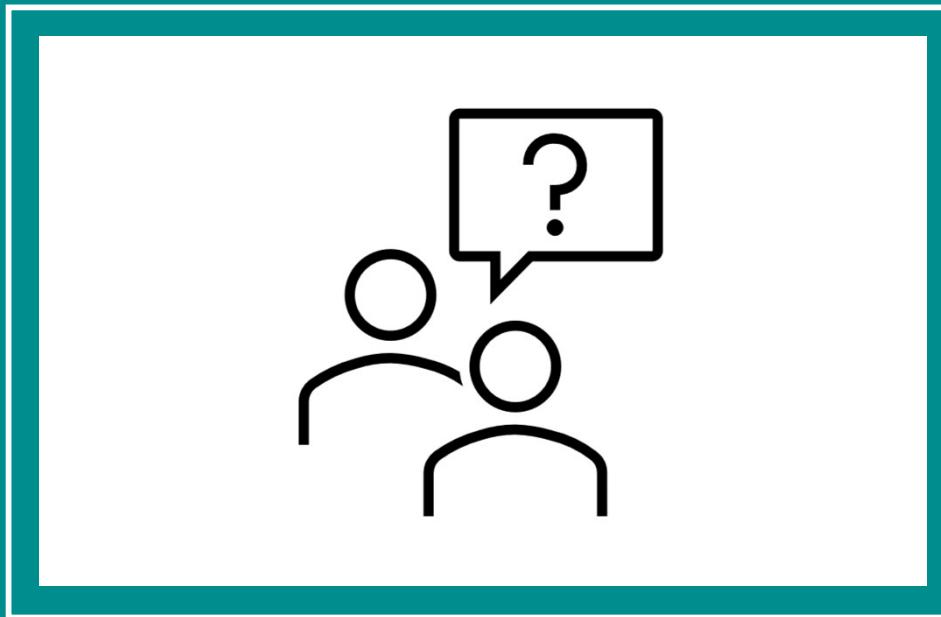
- For 2022-23 employers are asked to include a generic message on payslips to show the reason for the increase
- Final wording has been developed following feedback from developers on available character limits
- Where developers can include the message centrally we appreciate them doing so
- Where this isn't possible, but the product has a freetext facility accessible to the user, we are encouraging employers and payroll agents to include the message on payslips from Apr 22
- Message should read “1.25% uplift in NICs funds NHS, health & social care”
- Article in Employer Bulletin December 2021 and one planned for February's edition too

# HEALTH AND SOCIAL CARE LEVY – YEAR 2

- The 1.25% Year 1 NICs increase charged in Year 1 will be reverted
- New ringfenced Health and Social Care Levy of 1.25% introduced - will appear as a separate item on payslips
- Applies to Class 1 (employee and employer), Class 1A and 1B and Class 4 (self-employed) NICs. Levy will also be extended to those over State Pension Age who are in work.
- Charged on all income over Primary Threshold. Secondary Threshold/ Lower Profits Limit
- RTI/ EXB data items, calculators and all other documentation will be updated to reflect the change
- In the meantime if you have any questions please [sdteam@hmrc.gov.uk](mailto:sdsteam@hmrc.gov.uk)

## KEY FACTS

- Levy will not be charged on pension income
- Applies UK wide, people in England, Scotland, Wales and Northern Ireland pay the same
- For Self Employed paying NIC through annual Self Assessment rate increase will be reported through 2022-23 return. From 2023-24 levy will be shown as a separate item (Jan 25 tax return)
- Rate of income tax on dividends will also be increased by 1.25%
- Existing NICs reliefs and allowances will apply to the levy, including Employment Allowance. 40% of employers will not be affected by the levy due to EA
- Companies employing apprentices under 25, all individuals under 21, veterans will not pay the levy providing earnings less than £50,270
- Companies with employees that fall under the new relief for Freeports will not pay the levy providing earnings less than £25,000
- Levy has no impact on contributory benefits or State Pension entitlement
- Does not impact Class 2/3 NIC - these are charged at a standard flat rate per week (£3.05 and £15.40 respectively) rather than as a percentage of earnings. These rates will be uprated in the usual way through the annual NICs rerating process
- Clear guidance setting out what employers need to do for the transitional arrangements will be published before 6 April 2022.
- Further guidance for the Levy will be published before 6 April 2023



QUESTIONS