



Welcome to August's PayrockPayroll update. Coming up in this month's edition...

- Payroll Level 5 – National Payroll Week
- COVID-19 update
- Sending paper P11Ds
- RTI penalties for 2020-21
- Student loan repayment thresholds
- Jobs boost for apprentices
- PayrockPayroll update



Payroll Level 5 – National Payroll Week

Payroll Assistant Manager Level 5 Apprenticeship

We are extremely pleased to announce the launch of our Payroll Assistant Manager Level 5 Apprenticeship. We are running initial presentations during National Payroll Week (7 - 11 September) where you can find out details about the programme, what this level of apprenticeship covers and how to enrol. To book a place on one of these sessions please register [here](#), or alternatively email mark@mbkggroup.com

Covid 19 Update

In last month's COVID-19 update we were beginning to emerge from months of lockdown, and the news reflected that, with details of how the Coronavirus Job Retention Scheme (CJRS) would be winding down as we all gradually acclimatised to our "new normal". Am I the only one who doesn't want a new normal? I want the old one back, but I think events over the past month have proved that it is likely to be a quite some time before life will be anything like it used to be before the Coronavirus pandemic. Some areas of the country such as Leicester and the North West of England have had local lockdown restrictions introduced to varying degrees. Some of us who ventured abroad were hit with quarantine restrictions imposed at short notice when returning to the UK. And the CJRS, and payroll's role at the heart of it, continues.

CJRS and the Employment Allowance

Changes to the Employment Allowance (EA) were introduced from 6 April this year, with the amount of the allowance rising to £4,000 but eligibility restricted to businesses or charities whose employer secondary Class 1 National Insurance contributions (NIC) were less than £100,000 in the previous tax year, and who don't exceed the limits for de minimis state aid.

From the time the initial CJRS guidance was published back in March, the interaction between the CJRS and the EA has been a source of debate with many employers hoping to postpone claiming the EA whilst their employees were furloughed and wages and the associated employer NI and pension contributions being claimed back through the CJRS.

There is no confusion for those employers whose secondary NI contributions would be less than the £4,000 of the EA. There would not be any employer NICs due so they would not be able to claim for any employer's NIC under the CJRS.

Where confusion has arisen though is what happens when the EA does not cover all of the employer's secondary Class 1 NIC liability for the year. Are employers allowed to pay secondary Class 1 NIC for the first few months of the tax year starting in April 2020 in the usual way, and reclaim it back under the CJRS instead of using the EA, saving the EA for later in the year after the CJRS grant has wound down?

Whilst HMRC guidance on the EA seemed to allow this, stating that employers can claim for the EA at any point during that tax year or up to four years afterwards, the CJRS guidance was less than clear and at one point it seemed as though delaying a claim for EA would be frowned upon by HMRC. However, clarification has now been received. An employer is allowed to wait and claim the EA later in the year, provided that for the time after the date when the EA claim is made there is at least £4,000 of secondary Class 1 NIC payable.

Payrollers should check with their payroll software to ensure that claims for the EA have not already been made from the beginning of the tax year. It is very important to make sure the EA is not set against employer's NIC that has been claimed under the CJRS.

The effect of overtime when calculating 80% of wages for CJRS

HMRC has updated its guidance [Calculate how much you can claim using the Coronavirus Job Retention Scheme](#) to include a new section on how to calculate a claim for fixed pay employees who have worked enough overtime (in the tax year 2019 to 2020) to have a significant impact on the amount to claim.

Examples of situations where overtime could have a significant effect on the claim amount include where the employee worked overtime:

- in the last pay period ending on or before 19 March 2020
- in the corresponding calendar period to the period being claimed for
- a lot, or often, in the tax year 2019 to 2020.

You do not need to amend any previous claims, however if these circumstances apply you should use the calculation for **employees whose pay varies** for any future claims.

The end of shielding

Just as we got used to the difference between shielding, self-isolating and social distancing, shielding came to an end, and quarantining began. We will touch on quarantining in the next item, but for now employers need to understand what impact the removal of the shielding rules may have on them and their employees.

With the gradual lifting of lockdown restrictions, Saturday 1 August saw the official end to shielding requirements. This means that employees who had previously been told to shield by the government can now go to work as long as the workplace is **COVID-secure**, but should carry on working from home wherever possible. But what of those employees who still feel vulnerable, or where it isn't possible to work from home or make the workplace COVID-secure, or are subject to a local lockdown?

The official guidance is quite clear that SSP is no longer payable to those employees who had previously been advised to shield. Employers have an obligation to make the workplace as safe as possible but if it is not COVID-secure the employer should consider offering an alternative role or different working patterns. It may be that furloughing or occupational sick pay could be offered.

The guidance in the case of a local lockdown advises that SSP may become payable again if vulnerable employees in an area subject to local lockdown restrictions are once again advised to shield. If this is the case individuals will receive a letter from the government advising them to shield once more.

Quarantine restrictions after returning to the UK from abroad

A subject close to my heart given that, as I type this, I am myself subject to quarantine restrictions following my return from Spain. And as the list of countries from which travellers are exempt from quarantine measures continues to reduce, so the number of workers faced with the possibility of an extra 14 days added to their time off work continues to grow.

The government has published guidance for employers and employees on how to deal with the requirement to self-isolate in these circumstances. What is clear from this guidance is that timely dialogue between employee and employer is vital, either before travel if quarantine restrictions are already in place, or as soon as possible if quarantine restrictions are imposed whilst the employee is still abroad.

Once again, where possible people should work from home during their self-isolation period. Employees should talk to their employer about working from home before they travel. Alternatively employees can agree with their employer to take leave to cover the period of their self-isolation, providing they have enough leave remaining. Employers can also tell employees to take leave as long as they give them enough notice.

The guidance stresses that dismissal should be a last resort and employers should first consider the alternative arrangements mentioned above.

Employers who dismiss an employee because they have had to self-isolate following travel abroad may be liable to a claim for unfair dismissal.

CJRS compliance activity starts

Last month we told you about the first arrest made for CJRS fraud. Well now HMRC has begun ramping up its compliance activity on CJRS grants and has identified nearly 30,000 employers with claims that do not add up and HMRC believes there may be something wrong. HMRC will be writing to all these employers, 3,000 each week for 10 weeks, who may need to repay some or all of their claim.

HMRC has advised that these letters have been issued where a business:

- may have claimed more CJRS grant than it is entitled to; or
- may not meet the conditions to receive a CJRS grant - for example, by including employees in their CJRS claim who are not eligible.

The letter asks businesses to review their CJRS claims and to contact HMRC - whether they think they have made a mistake or not.

Please do not ignore the letter.

If you receive one of these letters HMRC believes that there is a potential problem so you must take action. You should review records such as pay and FPS submissions and the CJRS grant claim.

HMRC accepts that mistakes do happen - and have made it easy to correct a claim and voluntarily repay any overpayment of grant. If utilised then the employer will not be charged a penalty.

But you must contact HMRC whether you find an error or whether you consider the claim was accurate and correctly claimed.

You must respond to HMRC if you receive the letter

If the claim was not correct and a payment is required, you should email a specific HMRC team who will then make contact and assist with the making of a formal disclosure and paying over amounts due for repayment.

The email, which must be from a business email account, must indicate:

- The employer's PAYE reference
- The CJRS grant claim period being disclosed

If you believe your claim is correct and there is no mistake, then you should call a specific contact number provided in the letter.

The letter asks for the employer to respond within a set deadline. If no response is received, HMRC may start a formal compliance check. However, HMRC states that it is supporting employers whilst tackling serious fraud and criminal activity. HMRC understands that mistakes happen in what have been challenging times, and will not seek out innocent errors or small mistakes by taking compliance action.

Sending paper P11Ds

Have you submitted your P11Ds and P11D(b) by post? If so, you may find yourself a victim of the Coronavirus in a way you didn't expect. HMRC has been issuing warning letters about penalties for late filing of forms P11D and P11D(b) for 2019-20, despite having already received the forms in most cases.

The deadline for submitting the returns of expenses and benefits made available to employees in 2019-20 was 6 July 2020. Employers also need to file a return of Class 1A NIC due on those benefits (form P11D(b)) by the same date. Any Class 1A NIC due must be paid electronically by 22 July 2020, or by cheque by 19 July 2020.

Employers who submitted their forms electronically should not be affected, but those who submitted paper forms may find that they receive a letter warning of late-filing penalties. This is because there are far fewer staff in HMRC offices to open and process the post when it arrives. This is exacerbated by the fact that many HMRC staff have been redirected from their usual work, including processing P11D forms, to support businesses using the coronavirus support schemes and those who need to negotiate time to pay agreements for tax due.

We now hear that HMRC has a backlog of up to eight weeks for processing P11Ds and P11D(b)s. The paper forms have not been logged as received, nor is it clear whether the online PDF forms have been processed either.

Please contact HMRC if you have received a warning letter but have already submitted your P11Ds and P11D(b).

HMRC to commence the issue of 2020-21 RTI penalties next month

Following a recent review, HMRC is to continue its risk-based approach to PAYE late filing and late payment penalties for the 2020-21 tax year.

This means that late filing and late payment penalties will be considered on a risk-assessed basis and not automatically. Penalties for 2020-21 will be issued from September 2020.

HMRC is providing support for employers who have struggled to meet their obligations during the COVID-19 pandemic, including allowing employers more time to appeal. They will also recognise COVID-19 as a reasonable excuse for not meeting those obligations.

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

Student Loan repayment thresholds announced for 2021-22

The Department for Education has announced the repayment thresholds which will apply to student loans from next April.

The threshold is the point at which both Plan 1 and Plan 2, and at a rate of 6%, at a rate of 9% of eligible earnings for both Plan 1 and Plan 2, and at a rate of 6% for any postgraduate loans.

There will also be a Student Loan Plan Type 4 introduced from 6 April 2021, for those students who have drawn down a loan in Scotland.

Plan type	Annual threshold 2020-21	Annual threshold 2021-22	Deduction rate
Plan 1 (pre 2012)	£19,390	£19,895	9%
Plan 2 (post 2012)	£26,575	£27,295	9%
Postgraduate loans	£21,000	£21,000	6%
Plan 4 (Scotland from April 2021)	N/A	£25,000	9%

Jobs boost for apprentices

The coronavirus pandemic has caused some organisations to make redundancies, leaving some apprentices without an employer. To support apprentices who have been made redundant or think they might be in the future, the government has launched the [Redundancy Support Service for Apprentices](#) (ReSSA).

If you're facing redundancy, the ReSSA is there to support you as you get ready to take the next step in your career. You can call **0800 015 0400** to get free advice, find new opportunities, and access local and national support services offering financial, health and wellbeing, legal and careers advice. Apprentices can search and apply for other available apprenticeship opportunities across the country as well as get help finding a new job if they need it.

PayrockPayroll update

PayrockPayroll Memberships

We are delighted to confirm our free Tier 2 membership to PayrockPayroll will be issued to all our clients next week.

Look out for your personal invitation, your membership will include:

- Payroll Update sessions – Online monthly
- PayrockPayroll e-newsletter – Monthly
- Payroll helpdesk / support - 10 queries
- 1 x Short Course delivery
- PayrockPayroll - Online App and Forum (Launching November 2020)
- PayrockPayroll - Annual Industry Festival – date tbc

Termination/ Redundancy Webinar

And finally, just a reminder about our free termination and redundancy webinar on 25 August. There is an uncomfortable inevitability that despite everyone's best efforts, we are sadly going to see a lot more terminations over the coming months. Here at MBKB Training we want to support businesses through the process, ensuring they know what they need to do when faced with the prospect of making people redundant. But we also recognise that businesses will want to provide as much support to the employees facing redundancy as possible. And for that reason we are also providing a redundancy support package directly to those individuals who are being made redundant and facing such uncertain times. Both these options are **free of charge**, to provide help when it is most needed. Whether you are in payroll or HR, or an individual at risk of redundancy or already in that difficult situation, this free webinar and support package will help you navigate your way through these difficult times. More information is available on our [website](#). Click on this [link](#) to book your place on the webinar now or email train@mbkggroup.com if you are an individual in need of support.

