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

Hi Mark.

Covid 19 Update

CJRS scheme extended until the end of April 2021

The Chancellor has announced that the furlough scheme will be extended until the end of April 2021 with the government continuing to contribute 80% towards wages – giving businesses and employees across the UK certainty into the New Year.

The Chancellor had said he would review the employer contribution element of the CJRS in January, but decided to bring this forward to allow businesses to plan ahead for the remainder of the winter and the New Year.

The government will continue to pay 80% of the salary of employees for hours not worked until the end of April. Employers will only be required to pay wages, National Insurance contributions (NICs) and pensions for hours worked; and NICs and pensions for hours not worked.

The eligibility criteria for the UK-wide scheme will remain unchanged and these changes will continue to apply to all Devolved Administrations.

Businesses will also be given until the end of March to access the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, and the Coronavirus Large Business Interruption Loan Scheme. These had been due to close at the end of January.

Employer reimbursed Coronavirus swab tests

The Government is to introduce a temporary income tax exemption and NICs disregard, to ensure that employees who purchase their own Coronavirus swab tests, and are reimbursed by their employer, will not attract income tax and NICs liabilities in the current tax year.

A Coronavirus swab test means a test which detects the presence of a viral antigen or viral ribonucleic acid (RNA) specific to severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), or in layman's terms, it isn't a test to determine whether you have Coronavirus now, but indicates whether you have previously had Coronavirus.

Under normal tax rules, the cash reimbursement of a test by an employer to an employee would constitute earnings, and the amount reimbursed would be subject to income tax and Class 1 NICs as a result.

This measure allows employees to access a Coronavirus swab test, outside of the national testing programme for business reasons, without attracting income tax and NICs liabilities, for example if an employee needs a negative test result in order to travel abroad for business.

HMRC has confirmed the temporary exemption will take effect from 25 January 2021 up until 5 April 2021. For any relevant advance payments or reimbursements made within tax year 2020-21, but prior to the measure coming into force, HMRC will refrain from collecting any NI or tax due on the reimbursement of a relevant Coronavirus antigen test.

Childcare voucher schemes during COVID-19

Do you operate a childcare voucher scheme? If so, you might like to let your employees know that they can make changes to the arrangement during the pandemic.

Many employees are now working differently due to the Coronavirus restrictions, and may not require their usual childcare services. Existing users of the childcare voucher scheme can continue to receive childcare vouchers but may wish to temporarily receive a lower amount so that they do not build a large stockpile of vouchers over time. You may want to remind your employees that they can reduce their contribution by speaking with you and agreeing to a new lower amount (both the employer and employee must consent).

Contributions can be increased again later as and when required and varying the amount will not affect eligibility to the scheme, provided that the normal conditions of the scheme are met.

BREXIT

Twelve months ago it would have been unthinkable that BREXIT would be the last thing on our minds as we approached the end of the transition period. In truth I think most of us have forgotten all about it for many months, and it has taken us by surprise to realise that the transition period will be over in a matter of days and our lives are going to change for ever in ways we don't even know yet. There are even going to be changes to our annual two weeks abroad, with changes to passport and health insurance rules from 1 January.

But there will also be changes that we need to know about in payroll, with the introduction of a new points-based immigration system which will impact the process of hiring workers from the EU.

Whilst this is of course predominantly HR territory, the payroll department always gets involved, to ensure that workers have the right to work here before we pay them.

From 1 January 2021, the UK will introduce a **points-based immigration system**, signalling the end of free movement. This will introduce new job, salary and language requirements that will impact the process of hiring from the EU.

This change will affect both EU and non-EU citizens and means that anyone coming to the UK in order to work, with the exception of Irish citizens, will need to ensure that they apply for permission in advance.

In order to hire from the EU from 1 January 2021 onwards, businesses will need to register as licensed sponsors to enable them to hire eligible people from outside the UK. There are, however, some immigration routes – one example provided is Global Talent – that are 'unsponsored'. This means that there is no requirement for a business to have a licence to hire employees with an unsponsored visa.

A podcast **episode** has been prepared by the Home Office, in partnership with Intelligence Squared, on the topic of preparing for the points-based immigration system. It includes input from a panel of independent experts from the world of business and immigration, and they explain what the new immigration system is and the steps that businesses can take to prepare.

Becoming a sponsor

Prior to applying to become a sponsor, businesses should:

- Ensure that the people they wish to hire will meet the requirements for coming to the UK for work
- Check that they are eligible

In order to apply, businesses will be required to:

- Choose the type of skilled worker licence they want to apply for
- Implement appropriate systems to act as a sponsor
- Apply online and pay the fee

Those coming to work in the UK, will need to meet particular criteria:

- They will need to have a job offer from an approved sponsor
- The job offer must be at the required skill and salary level
- They must speak English at the required level

Businesses need to apply to be licensed sponsors and will receive a decision within eight weeks of application. Being a sponsor will allow businesses to recruit skilled workers globally for four years. Businesses are being urged to get prepared and advised to apply now.

Who sponsors can hire

Licensed sponsors have the option of hiring eligible employees from anywhere in the world.

In order to hire someone from outside the UK (with the exception of Irish citizens), the job being advertised must meet minimum skill and salary thresholds:

- The minimum skill level will be set at RQF3 (equivalent to A level)
- The minimum salary threshold will be whichever is higher out of £25,600 or the 'going rate' for that job – it may be the case that some employees are paid less than £25,600 if, for example, their job is in a shortage occupation
- Anyone applying from outside the UK must meet English language requirements

Where the above requirements are met, and a business is a licensed sponsor, they will be able to sponsor the application of an individual coming to the UK to work.

Plan 4 student loans

On 6 April 2021, the Scottish Government is introducing a new plan type for Scottish Student Loans known as Plan 4. But keep reading, because you **need to know about this even if you're not based in Scotland**.

The Plan 4 threshold will be £25,000. Student Loan deductions will be calculated at 9% on earnings above the Plan 4 threshold. Scottish borrowers, who drew down their loan from the Student Award Agency for Scotland (SAAS) are currently repaying their loans under the Plan 1 threshold. Eligible borrowers will switch to Plan 4 from 6 April 2021.

The introduction of Scottish Student Loans will result in SL1s being issued to employers early next year for existing borrowers impacted by the change and will be in addition to the usual bulk issue of SL1s at the start of each tax year.

You should apply this change to your payroll software and action on your first FPS submission after 6 April 2021. If your employee is not moved to Plan 4, they will over repay their Student Loan. There will be no action required for Plan 1 borrowers who did not draw down their loan from SAAS.

It is important to note that this applies to employees who have previously taken out a Scottish student Loan. **They may not be resident in Scotland now, but this will still apply to them**, so you may still receive an SL1 for workers who do not live in Scotland.

The Student Loans section of the Starter Checklist has been updated and streamlined to include Scottish Student Loans (Plan 4) and will be published in March alongside the existing one, for users for new employees from 6 April 2021. It is important that employers complete the Starter Checklist accurately when they take on a new employee.

Statutory payment rates for 2021

The weekly rates for statutory pay have been published.

Statutory Maternity, Adoption, Paternity, Parental Bereavement and Shared Parental Pay will be paid at £151.97 per week. Statutory sick pay has increased to £96.35 per week.

The Lower Earnings Level has yet to be confirmed.

Updated List 3

We know that payroll apprentices often encounter questions about List 3 in their End Point Assessment, and we also know that this often flummoxes learners because they aren't familiar with List 3, so as it has just been updated, this seems like a good time to explain what this list is and what changes have been made.

List 3 is the list of professional bodies and learned societies with tax-deductible fees. Members of these professional organisations can **claim tax relief** on their fees or subscriptions. The list is updated periodically, and includes all bodies approved by the commissioners for HMRC.

Your membership of PayrockPayroll is free, but if any of your staff pay a subscription fee to be a member of a professional body, then they can claim tax relief on the cost of the subscription (this is only possible if they have paid the fees themselves, not if their employer has covered the cost of the fees).

This month HMRC has confirmed that the Medical Innovation and Technology, International Society has been added to the list.

PayrockPayroll Update

The MBKB offices will close at 5pm on 18 December and re-open at 9am on Monday 4 January.

There will be no Payroll Update webinar this month. The next Payroll Update webinar will be held at 10am on 26 January and will give you the latest information and advice about the expansion of off-payroll working to the private sector.

Use this link to book your place <https://buff.ly/3mnLt0a>

But to end this newsletter I would like to thank you for working with us, particularly through this very difficult year, we truly value our relationship with you all.

The whole of the MBKB team would like to wish you a holiday season which is full of peace, joy, and happiness.

Take care, stay safe and see you next year.

