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

- COVID-19 update
- Changes to the record-keeping requirements for NMW
- Free visa extensions for frontline healthcare workers
- Amending your payroll from April 2021

PayrockPayroll update 

### COVID-19 update

As lockdown restrictions are slowly being lifted and we become giddier than a kipper at the prospect of having a haircut (or is that just me? Only another 10 days to go until my appointment!) there are some for whom the end of furlough is not yet in sight.

The latest rules affecting the Coronavirus Job Retention Scheme (CJRS) are as follows:

#### Extension to the CJRS

The CJRS has been extended until 30 September 2021, though the contributions from employers must increase from July 2021.

For periods from 1 November 2020 to 30 April 2021, employers can claim for employees who were employed on 30 October 2020, as long as the employer has made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee. Employers do not need to have previously claimed for an employee before the 30 October 2020 to claim for periods from 1 November 2020.

For periods starting on or after 1 May 2021, employers can claim for employees who were employed on 2 March 2021, as long as they have made a PAYE RTI submission to HMRC between 20 March 2020 and 2 March 2021, notifying a payment of earnings for that employee. Employers do not need to have previously claimed for an employee before 2 March 2021 to claim for periods starting on or after 1 May 2021.

The government has also announced that businesses who no longer need the CJRS grants they previously claimed have the option to voluntarily return them.

This is in direct response to employers asking how they can return grants voluntarily – and businesses are under no obligation to do this, but should contact HMRC if they want to pay the grant back.

To provide more transparency, employees are now able to check if their employer made a CJRS grant claim in their name. The details can be viewed through the employee's Personal Tax Account (PTA).

#### Reference dates

When calculating the amount they can claim for their employees' wages, employers must use the pay at a particular reference date. This could be one of three dates, though it is important to note that once a reference date has been identified for an employee, the reference pay for calculating their furlough pay will not change even if their contractual pay has since gone up or down. The three key dates are as follows:

- For employees on an FPS on or before 19.03.20, use the last pay period before 19.03.20
- For employees on an FPS between 20.03.20 and 30.10.20 use the last pay period before 30.10.20
- For those on an FPS between 31.10.20 and 02.03.21 the last pay period before 02.03.21

The calendar lookback for variable pay employees with a 19.03.20 reference date will be the corresponding period in 2019, from May to until the scheme ends in September – as has been the case for March and April 2021. This means, even though we are now in 2021, you should still use the higher of the average over 2019/20 or the corresponding 2019 pay period. If the employee was not working for you in the corresponding period in 2019 use an average.

This is particularly important to remember for those employers operating flexible or part-time furlough. In that case, employers must ensure that they are paying workers their current contractual pay for the hours they are working, even though their furlough pay may be based on a different amount, as it is based on the pay in the relevant reference period, which could go back as far as 2019.

#### CJRS funding timeline

The CJRS has been extended until the end of September 2021, but funding will gradually taper off. The amount of funding available is shown below:

Month	Government contribution	Employer contribution
<b>May</b>	80% of wages (capped at £2,500) for the hours the employee is on furlough	Employer NICs and pension contributions for the hours the employee is on furlough. The employer must also pay the employee for any hours they actually work
<b>June</b>	80% of wages (capped at £2,500) for the hours the employee is on furlough	Employer NICs and pension contributions for the hours the employee is on furlough. The employer must also pay the employee for any hours they actually work
<b>July</b>	70% of wages (capped at £2,187.50) for the hours the employee is on furlough	10% of wages (capped at £312.50) plus employer NICs and pension contributions for the hours the employee is on furlough. The employer must also pay the employee for any hours they actually work
<b>August and September</b>	60% of wages (capped at £1,875.00) for the hours the employee is on furlough	20% of wages (capped at £625) plus employer NICs and pension contributions for the hours the employee is on furlough. The employer must also pay the employee for any hours they actually work

#### Tax relief for homeworking

It has been confirmed that employees who are working from home due to the COVID-19 pandemic can continue to claim tax relief on costs not reimbursed by their employer, but a new claim will need to be made for the 2021-22 tax year.

Employers can pay a tax-free allowance of up to £6 per week/£26 per month to employees required to work from home. During the coronavirus pandemic, employees can claim tax relief for this amount when employers do not reimburse costs.

The allowance is to cover tax-deductible additional costs that employees who are required to work from home have incurred, such as heating and lighting and business telephone calls.

Many employees claimed this tax relief in 2020-21, but unlike some other easements for COVID-19, this will not automatically roll forward to the new tax year and a new claim must be made for 2021-22. Use this [link](#) to check if you can claim.

### Changes to the record-keeping requirements for National Minimum Wage

As well as changing the age at which the National Living Wage is payable (NLW is now payable at age 23 and over, rather than 25 years and over in previous years) the National Minimum Wage (Amendment) Regulations 2021 also extend the length of time that records must be kept for NMW purposes.

The period of time for which an employer must retain records for the purposes of NMW enforcement has doubled from three years to six. This aligns the length of time records must be kept with the period of time for which employers could be issued with a notice of underpayment in relation to underpayment of the NMW.

### Free visa extensions for frontline healthcare workers

As many of our clients work in healthcare, I thought you would be interested in the news that thousands of crucial frontline health workers, and their dependants, will be granted free visa extensions.

The visa extension applies to eligible workers (and their dependants) whose visas are due to run out before 1 October 2021.

The list of professions covered includes doctors, nurses, paramedics and midwives, with 14,000 people expected to benefit.

The Home Office first granted free automatic visa extensions to health workers in March 2020 as the coronavirus pandemic hit the UK. The offer was initially limited to NHS doctors, nurses and paramedics whose visas ran out between 31 March 2020 and 1 October 2020, but it was later extended to include more professions.

Health and social care minister Matt Hancock said "This extension covers healthcare professionals working in the NHS and the independent health and care sector. Their visas will be extended for a year, free of all fees and charges, including the Immigration Health Surcharge.

Those benefiting from this extension will need to complete an online form to verify their identity and the Home Office will ask their employers to confirm their eligibility."

### Amending your payroll from April 2021

**Employer Bulletin 88**, issued this week, provides additional guidance about how to complete the Full Payment Submission (FPS) when amending the details in a previous tax year.

From April 2021 the Earlier Year Update (EYU) is no longer a valid submission type to make amendments to the tax year ending 5 April 2021, and instead a Year to Date FPS should be submitted.

#### Late reporting reason

'Late reporting reason H' should be used on all FPS submissions which correct earlier payroll data. This brings the process in line with submissions received on or before 19 April.

#### The payment date that should be shown

As the format of the FPS isn't changing it should be completed to include the latest payroll information, for example, payment date, monetary values and leaving date etc.

As the FPS will be an adjustment to the pay in that tax year, the payment date should be equal to, or later than, the last payment date reported in that year to ensure HMRC's records are updated.

For example:

- An individual is in employment all year and the final FPS is submitted on 30 March 2019, with a payment date of 30 March 2019.
- It is then identified in June 2019 that an error occurred in the Month 11 FPS. The FPS should include the final pay date of 30 March 2019 (as the latest pay date in that tax year) and amended monetary values.

#### Correcting employee National Insurance contributions

From April 2021 if you need to correct an employee or employee's National Insurance contributions for 2020-21 and future years which involves a negative amount, but you are unable to refund your employee/employees (for example because they've left your employment) you should submit the FPS and then write to HMRC to adjust your charge and refund your employees.

When writing to HMRC, you will need to include:

- The subject: Overpaid employee National Insurance contributions
- Employer name, address and PAYE reference number
- The name, date of birth and National Insurance number of the employee/employees concerned
- The tax year of the overpayment
- How much National Insurance was overpaid/needs refunding
- Why the overpayment occurred
- Why you are unable to make the refund

If you need to correct an employee's National Insurance contributions, please write to HMRC at:  
HM Revenue and Customs  
National Insurance Contributions and Employer Office  
BX9 1AN

If you need to correct more than one employee's National Insurance contributions, please write to HMRC at:  
HM Revenue and Customs  
National Insurance Contributions and Employer Office  
BX9 1BX

HMRC will contact you when the refund and adjustment have been made and the adjustment will also be reflected on your Business Tax Account. The process for correcting years earlier than the 2020-21 tax year outlined in **Employer Bulletin 88** has not changed.

#### Correcting Seasonal Worker payroll using Basic PAYE Tools

From April 2021 you will need to include the 'irregular payment' indicator on all submissions for any Seasonal Workers on your payroll. This will ensure that any future correction you need to make using a further Year to Date FPS is reported correctly.

If you did not use the 'irregular payment' indicator on your earlier submission, and need to make a correction, you should answer 'yes' to the question 'Do you wish to submit this correction immediately?' which can be found on the 'Add an Employee Payment' screen, within the 'Other Details' section.

### PayrockPayroll Update

#### Holiday pay webinar

This month's payroll update is on the subject of holiday pay and leave. It may still be some time before we can fly off to the sun, but staff must still take a minimum amount of their annual leave entitlement to ensure they get some rest from the pressures of work. Join me for this webinar on 23 April at 10am. [Book](#) your place now.

#### Payroll support helpdesk available to PayrockPayroll members

As payroll processing gets ever more complicated, we know that, much as we would like to, none of us can know everything, and here at PayrockPayroll we want to help. As a PayrockPayroll member you have access to our payroll support helpline. Several of you have already used this service, all you need do is email your query to [payrollsupport@mbkggroup.com](mailto:payrollsupport@mbkggroup.com) but please remember to write your membership number in the subject line, it was included in your membership pack email.

As a reminder, your Tier 2 PayrockPayroll membership includes:

- Payroll Update sessions – Online monthly
- PayrockPayroll e-newsletter – Monthly
- Payroll helpdesk / support - 10 queries
- 1 x short course delivery
- PayrockPayroll - Annual Industry Festival

#### Payroll Assistant Manager Level 5 Apprenticeship

We tend to think of apprenticeships as being for younger colleagues or those new to the profession, so we are delighted to be able to deliver the new level 5 apprenticeship for payroll. It is ideally suited to those who have worked in payroll for a while and would like to progress their career.

A level 5 apprenticeship is equivalent to a Foundation Degree, and as this can be funded through the apprentice levy it could be a very cost effective way for an employer to support and develop their more experienced staff members. Smaller employers who do not pay the apprentice levy may still be able to access 95% of the cost of the qualification. Enrolments are now open for this exciting new apprenticeship. If you would like to know more about what is involved, or about how to access funding for the Payroll Assistant Manager level 5 apprenticeship, please email [train@mbkggroup.com](mailto:train@mbkggroup.com).

