

Minutes - PAYE forum – Monday 9 February 2009

Venue – Trinity Bridge House, Manchester

Attendees

Name	House
Vincent Ashall	McKesson Corporation
Ian Atkin	HMRC
Jane Bateman	Safe Computing
Stephen Benn	HMRC - SDST
Philip Benson	Xafinity Claybrook
Tony Birch	HMRC
Anthony Boggiano	Keytime
Richard Bowen	Safe Computing
Graham Brammer	Pensions Regulator
Jane Brothwood	HMRC - SDST
Jerry Catterson	HMRC
Richard Clayton	University of Birmingham
Graham Clohessy	Ernst & Young
Jeremy Coates	Solution Perspective
Miriam Cox	Safe Computing
Susan Dewar	Maxima
Steve Dodd	HMRC
Karl Doody	27 Stars
Tim Downes	HMRC - SDST
Steve English	HMRC
David Fairhurst	IRIS
Chris Finan	HMRC
Graham Fisher	Maxima
Philip Fletcher	Star Computers Ltd
Diana Flier	Intuit Ltd
Alison Ford	Keytime
Gary Graham	HMRC - SDST
Norman Green	BCS
Peter G Green	Compact Software Ltd
Andy Greener	IMS
Mat Griffin	Solution Perspective
Barbara Hackett	Epicor
Steve Haley	HMRC - SDST
Angela Hammond	Miracle Dynamics Ltd
Martin Hickling	Sterling 2000
Juan Ho	Able Internet Payroll Ltd
Paul Hooper	Sterling 2000
Neil Hopkins	Civica UK Limited
Ian Hutton	SAA Consultants
Paul Keane	Professional Computer Sys Ltd
Helen Keillor	Civica UK Limited
Jackie Lockwood	HMRC - SDST
Andy Longfellow	HMRC - SDST
Elaine Mayo	MYOB UK
Kevin McEvoy	Cintra HR & Payroll Services
Peter McEvoy	IFS UK Ltd
Tony McHugh	Civica UK Limited
Steve McKenna	Ceridian
Daniel Mewett	EzGov
Jen Morgan	HMRC

Katharine Musto	Pensions Regulator
Shaylesh Raja	Stirling Solutions
Carol Richards	Infocomp (UK) Ltd
Cathy Robinson	Maxima
Elizabeth Ross	CSA
Alex Rowson	QTAC
Anne Sharpley	Action File Ltd
Tim Sheppard	The Lerryn Group
Steve Shorrocks	HMRC
Suzanne Simpkins	Epicor
Inderjit Singh	Ciber
Tom Smalley	Barnett Waddingham LLP
Adrian Smith	HMRC - SDST
John Smith	Professional Computer Sys Ltd
Martin Stevenson	Topaz
Phil Wastell	Solution Perspective
John Wyatt	HMRC

The meeting commenced at 12.35 pm.

1. Introduction

Tim Downes (TD) welcomed the attendees and opened proceedings by covering the following:

- Domestic.
- Forums – TD explained that the recent lack of a PAYE forum was principally down to the lack of sufficient agenda/content to convey. The intention going forward is to hold them on a more regular basis subject to there being a full agenda.
- Feedback – TD actively encouraged developer feedback on any aspects of interaction with HM Revenue & Customs (HMRC). Suggestions for agenda items to be considered for future PAYE forums would be particularly welcome.
- Account management – TD explained the SDST strategy to interact with developers via one to one engagement for mutual benefit. Developers are welcome to contact SDST should they wish to arrange a visit for SDST to their premises.
- Minutes – TD confirmed that the minutes will be fully circulated by email and made available to all via the HMRC website.

2. Presentation – pensions reform – Graham Brammer

Graham Brammer (GB) presented slides on the pensions reforms being introduced by the Pensions Act 2008.

GB confirmed he was working closely with HMRC and other departments in designing a compliance regime that would engage all employers, no matter how small, and enable them to meet their new statutory duties under the Act. GB emphasised the intention to work collaboratively with payroll software developers on the journey towards 2012 and to ensure that developers are kept informed as the details become known through secondary regulations.

Q – When will the reform come in?

A – We currently expect the first commencement of the statutory requirements to be in October 2012. TPR will have its employer compliance regime ready in time for this commencement.

Q – Will recognition be given to developers?

A – TPR will do everything possible to promote and value developer contributions to enable employers to comply with their new responsibilities.

Q – Is there a potential income stream?

A – We believe there will be cross sale opportunity for providers to offer additional services currently outside of payroll services as a result of these requirements.

Q – How will these changes impact the Payroll Standard?

A – This impact will be discussed at a separate forum in June. **(Action point 1 – Gary Graham)**

Q – Who's responsible?

A – The duty falls on the employer who will be required to automatically enrol their employees into a qualifying scheme and make contributions to it.

Q – Are there any exemptions?

A – The requirement applies to all employers. There is a minimum earnings threshold and employees can choose to opt out on an individual basis.

Q – For an employee with multiple low paid jobs how will we know if they qualify (NHS example quoted)?

A – We expect secondary legislation to determine these details.

Q – Registration. Will it be Gateway based?

A – Registration will be a web based service including second line telephony support. We are working with HMRC and Businesslink on the use of existing gateways.

Q – How does it differ conceptually to National Insurance, could National Insurance not be simplified?

A – That's a wider policy issue that the government has already consulted on widely during the progression of the Pensions Act 2008. It is a policy decision that has already been made.

Q – What are the employer contributions?

A – Employer contributions will be phased in from 2012 rising to a 3 per cent minimum over time.

Q – Who will be auditing for compliance?

A – The duty will fall upon the employer to enrol within the timeframe to be determined in regulations and communicated to them by TPR. TPR will operate the compliance regime and will have powers of enforcement.

3. Presentation – online filing strategy – Steve English

Steve English (SE) presented slides about the online filing strategy.

SE confirmed they had been working on this business strategy for in excess of 12 months. This is not a technology strategy; CCD Online looks at the strategic position on this from a customer perspective. The HMRC CIO previously wrote to developers to invite them to consider the issues around HMRC moving out of the software provision market. HMRC may be prepared to move out of this space subject to developers stepping in primarily to provide free software to certain customer segments - broadly un-represented individuals and the smallest un-represented companies. The functionality of such software was subject to ongoing engagement via the Filing Strategy Steering Group, which includes membership from the two main developers representative bodies.

At the cancelled CASH meeting John Harrison had hoped to present the draft functionality document for a free PAYE filing product (to replace the Employers CD-ROM). The intention is to notify the developer community shortly of HMRC's position on the Employer CD-ROM in order that they can plan for any free product replacement.

Any move by HMRC out of the software market would be on a case by case basis (eg we are not likely to withdraw the Self Assessment product in the short to medium term) and only when sustainable alternatives were in place. Customers and other stakeholders interests (including Ministers) would also need to be considered.

SE mentioned that in response to requests from developers, changes had already been effected to give HMRC and commercial software more equitable billing on the HMRC website.

Q – At what point are HMRC going to withdraw the employers CD-ROM filing facility?

A – There's no indication yet that anyone is willing to step into that space. Moving out will depend upon the availability of suitable alternatives. A decision will need to be taken by October 2009 for the 2010-11 product.

Norman Green added that the question of HMRC moving out of the space depends upon developers stepping up to the mark and offering free software. HMRC needs to know there are sustainable resources to step into that space.

Q – The wording ‘Commercial Software’ is confusing and should it be changed to recognised or accredited?

A – The wording was chosen to bring some consistency to the website. It is not meant to differentiate between the quality of products. It’s accepted the wording isn’t ideal in that regard and that commercial could be interpreted as implying a cost to the software. We are aware the question has been raised with John Harrison separately and we will take this suggestion away. **(Action point 2 – Steve English)**

4. Presentation – new penalty regime – Tony Birch

Tony Birch (TB) presented slides on the new penalty regime.

TB emphasised the intention to adjust customer behaviours to facilitate their paying the right tax at the right time.

There were no questions from the floor.

5. Presentation – migration from COP to NIRS – Jen Morgan

Jen Morgan (JM) presented slides on the migration from COP to NIRS (slides attached).

Q – Are we talking about one centralised record for one person?

A – Yes. Records held on up to 12 different databases are to be held in one central record.

Q – How will tax codes be issued?

A – The new centralised system will issue them in the same way as happens now.

Q – What services might be interrupted?

A – Unable to specify at this time but confirmation will be advertised through all the usual communications channels. **(Action point 3 – Jen Morgan)**

6. Presentation – potential changes for PAYE – Steve Dodd

Steve Dodd (SD) presented slides on potential changes for PAYE.

SD said that the consultation document on payrolling of benefits and expenses noted that it could not be introduced before April 2011. In the Chancellors Pre-Budget Report in November 2008, it was announced that HMRC would work with employers and others to consider issues raised during that consultation. Any changes to the process will be in April 2012, or more likely later. One definite decision out of the consultations was that the £8,500 limit and forms P9D remain. HMRC receives about 3 million P11D’s on paper each year. SD said that he was considering ways to make that more efficient for HMRC and employers.

Q – Why change the loan interest rate on the 1 March and not the 6th?

A – Accepted that the average rate is impacted but unable to confirm why this date was used. To take this point away. **(Action point 4 – Steve Dodd)**

Q – Are statutory payments impacted by this change?

A – Will follow this up. **(Action point 5 – Steve Dodd)**

Q – Can developers have a P45 form that they can download and use rather than await the issue of a paper form?

A – Will take this point away. **(Action point 6 – Steve Dodd)**

7. Presentation – SDST update – Andy Longfellow

Andy Longfellow (AL) presented an update from SDST.

Q – How do you know that P45(Online) outputs are acceptable as there is no formal approval process for this stationery?

A – To take this point away. **(Action point 7 – Ian Atkin)**

Q – Is the payroll test data available yet for 09/10?

A – Gary Graham confirmed that it should be completed within the next 2/3 weeks. Some is already published and available now.

Q – Is the P46Expat form being renamed to P46Exp?

A – AL explained this had been an EDI specific issue where the Message Implementation Guideline did not conform to industry standards. This is now fixed electronically and did not impact the paper form.

Q – Data Provisioning Service. Is there a problem with error responses in the DPS ‘live’ service.

A – Yes. There is a known issue that’s currently under investigation. We are aware that the error response in question appears to have changed. **(Action point 8 – SDST to update developers once investigations are completed)**

Q – Are there any other changes to the DPS service?

A – None that we are aware of.

8. Presentation – employer payments to CSA – Elizabeth Ross

Elizabeth Ross (ER) presented slides on Employer Payments to CSA.

ER confirmed that the CSA was working closely with HMRC and wanted to seize this opportunity to consult with the developer expertise in attendance, more particularly those supporting BAC’s payment functionality.

ER encouraged developers to provide feedback on the ‘test questions’ included on Page 6 of her slides.

Any other business

Q – Is there a central list of HMRC tax offices and their contact details?

A – Details can be found on the [HMRC website](#).

A spreadsheet can also be provided by SDST upon request.

Q – Can we provide P60’s electronically for environmentally beneficial purposes?

A – The P60 cannot be provided electronically. HMRC is continuing to look at environmental/green issues in accordance with the policy outlined at:

<http://www.hmrc.gov.uk/about/corporate-responsibility/sdpolicy.htm>.

TD closed the meeting.

Action point summary

Action point on	AP number	Section	Description
Gary Graham	1	2	To discuss and address the impact of Pensions Reform upon the Payroll Standard for the June Accreditation forum. Update 06.03.09 – Further discussion to take place in the June 2009 Payroll Standard Accreditation forum.
Steve English	2	3	To look at the use of ‘Commercial Software’ wording and consider alternatives. Update 06.03.09 – This matter is still under consideration.
Jen Morgan	3	5	To confirm what services will be interrupted when the COP to

			<p>NIRS migration occurs</p> <p>Update 06.03.09 - Detailed information on any service disruption is still awaited.</p>
Steve Dodd	4	6	<p>To investigate the loan rate change and confirm why 1st March was chosen as the change commencement date</p> <p>Update 06.03.09 - HMRC announced on 22 January our intention to make a change to the official interest rate for beneficial loans from 1 March, but received no comments about the mismatch with tax months. HMRC will take this into account as far as possible when making future changes. The announcement can be found on our website.</p>
Steve Dodd	5	6	<p>To confirm if statutory payments are impacted by the change.</p> <p>Update 06.03.09 – The date for extending SMP/SAP and introducing ASPP has not yet been decided. The government is collectively assessing the flow and timing of the implementation of new regulations in the light of the deteriorating economic situation. Any further announcement will be made via HMRC web pages.</p> <p>There was an item in 'Notes for Payroll Software Developers' December 2008 edition about changes already announced.</p>
Steve Dodd	6	6	<p>To investigate the P45 form download for developers</p> <p>Update 06.03.09 – HMRC SDS team can provide a 'clean' pdf of the P45(Online) on request to developers. The level of detail in the P45 (Online) specification came about after requests from developers to do so. HMRC control the issue of the physical stationery, which is why those forms should be ordered direct from our orderline and we don't make it possible for employers to download copies from our website.</p>
Ian Atkin	7	7	<p>To investigate how we know the P45(Online) outputs are good if there is no approval process in place</p> <p>Update 06.03.09 - A response will be provided shortly.</p>
SDST	8	7	<p>SDST to report the outcome of investigations into a change to the error response in the 'live' DPS service</p> <p>Update 06.03.09 - This matter is still under investigation with HMRC's IT partners. The SDS team are currently establishing when the issue with the error response can be resolved. The SDS team will update developers regularly with any progress.</p>

Steve Haley/Adrian Smith
17 February 2009
[Software Developers Support Team](#)