

Upminster Cricket Club

Club Newsletter – May 2019

Hunter & Co Article

We hope that everyone involved with the club has made a good start to the season. We thought we would provide some insight into employment topics and hope that it provides some useful information.

Off-payroll working in the private sector

The changes to the off-payroll working rules (commonly known as IR35) that came into effect in April 2017 for the public sector will be extended to the private sector from April 2020. A consultation paper has now been issued on the proposed operation of the rules.

The off-payroll working rules apply where an individual (the worker) provides their services through an intermediary (typically a personal service company) to another person or entity (the client). The 2020 changes will use the off-payroll working rules in the public sector as a starting point. This means a client will be required to make a determination of a worker's status and communicate that determination. In addition, the fee-payer (usually the organisation paying the worker's personal service company) will need to make deductions for income tax and NICs and pay any employer NICs.

Only medium and large businesses will be subject to the 2020 rules, so small businesses will not need to determine the status of the off-payroll workers they engage. The government intends to use the Companies Act 2006 definition of a small company which means meeting any two of these criteria: a turnover of £10.2 million or less, having £5.1 million on the balance sheet or less, or having 50 or fewer employees.

The latest consultation is not intended to consider alternative approaches to tackling non-compliance with the off-payroll working rules. The consultation is intended to provide businesses and off-payroll workers with greater certainty around how the off-payroll working rules will operate and help businesses make the correct determination of a worker's status.

Employer provided cars

The scale of charges for working out the taxable benefit for an employee who has use of an employer provided car are normally announced well in advance. Most cars are taxed by reference to bands of CO₂ emissions multiplied by the original list price of the vehicle. The maximum charge is capped at 37% of the list price of the car.

For 2018/19 there was generally a 2% increase in the percentage applied by each band. For 2019/20 the rates will increase by a further 3%.

Exemption for travel expenses

New legislation has been introduced which removes the requirement for employers to check receipts when making payments to employees for subsistence using benchmark scale rates. This will apply to standard meal allowances paid in respect of qualifying travel and overseas scale rates. Employers will only be asked to ensure that employees are undertaking qualifying travel. This will have effect from April 2019.

The legislation also allows HMRC to put the existing concessionary accommodation and subsistence overseas scale rates on a statutory basis from 6 April 2019. Like benchmark rates, employers will only be asked to ensure that employees are undertaking qualifying travel.

Trivial Benefits

Employers don't have to pay tax on a benefit for employee if all of the following apply:

- The benefit costs £50 or less to provide
- The benefit is not cash or a cash voucher
- The benefit is not a reward for work or performance
- The benefit is not in the terms of the employees contract

This is known as a 'trivial benefit' and employers do not need to pay tax or National Insurance or report the benefit to HM Revenue and Customs (HMRC).

If you would like further information on this, then please do not hesitate to contact us on 01708 255555 or feel free to pop into our offices at 195 St Marys Lane, Upminster.

Esin Hunter

