

Year-end Employer Compliance 2022/23



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The move to online filing has made it easier for HMRC to monitor the data it receives and focus its risk based reviews more tightly.

Getting this process right is therefore key to managing this risk. In the long term it can help save time, money and the disruption caused by HMRC enquiries and is therefore a vital part of your wider business controls framework.



We hope you will find this a useful summary of the main employer obligations and how PKF Francis Clark can help. Even if you already engage PKF Francis Clark for your payroll services, there are some more unusual year-end obligations outside of the normal payroll activities that it is worthwhile being aware of.

If you would like to discuss any of the issues we have highlighted in more detail, or any other tax issue you may be facing, please do not hesitate to contact your usual PKF Francis Clark team, or one of our specialist tax team listed within this publication.



Paye Settlement Agreement (PSA)

A PSA is an arrangement between the employer and HMRC which allows the employer to settle the annual employment tax liability (on a grossed up basis) on certain types of benefits in kind on behalf of the employees concerned.

A PSA can help to reduce the administrative burden of providing benefits in kind (for example, fewer P11Ds to complete) and will prevent employees from having to pay tax on items where it may not be appropriate for them to do so (for example, staff entertaining or non-trivial staff gifts).

PSA contracts need to be agreed with HMRC by 6 July 2023 for the 2022/23 tax year with calculations submitted by 31 July. The associated employment taxes must be paid by 19 October 2023.

In a move to simplify the PSA process, annual renewals are no longer required.

How can we help?

PKF Francis Clark can assist clients in all aspects of PSA administration, including:

- *Agreeing PSA contracts with HMRC*
- *The preparation and submission of PSA calculations*
- *Reviewing PSA items to ensure clients are not overpaying (or underpaying) employment tax.*



Employment reporting - payroll, benefits and expenses

Forms P11D

The completion of forms P11D and forms P11D(b) by 6 July each year represents a significant administrative burden for many employers. Benefit reporting has also become increasingly complex and time consuming and represents a high risk area due to the penalties that HMRC is able to levy. It is therefore essential that all relevant expenses and benefits are reported accurately and that you have addressed the correct national insurance liability, be that Class 1A NIC via form P11D(b) or Class 1 NIC via the payroll.

For 2022/23 returns, consideration needs to be given as to whether the expenses exemption legislation applies when completing forms P11D, including whether or not the trivial benefits exemption conditions apply.

Forms P60

With many employers allowing employees the freedom to choose hybrid working, extra care needs to be taken with any expenses and benefits that relate to homeworking. HMRC's previous relaxation of these rules during the Covid pandemic was removed in April 2022. The 'old' rules therefore apply from the 2022/23 tax year. Homeworking expenses should only be claimed by those workers who are genuinely and contractually required to work at home because of the duties of their employment. Where there is an element of choice i.e. hybrid working, HMRC will not consider employees are eligible for homeworking expenses, and some expenses and benefits will therefore remain taxable, and will need to be reported on P11Ds.

As ever, employers are required to prepare and issue forms P60 to employees (by 31 May following the end of the tax year), produce final full payment submissions/employer payment submissions to HMRC and provide associated year end reconciliations.

How can we help?

- *We have an experienced payroll services team who can assist with the outsourcing of your payroll and completion of P11Ds*
- *We can also assist employers in implementing comprehensive policies and procedures, including training for payroll staff, as well as undertaking PAYE/ NIC reviews to ensure your business is compliant both from a payroll and wider employment taxes perspective*





Specialist reporting - shares and business visitors

Share plan reporting

Employers will shortly need to report share option grants and exercises, share awards and other taxable events for 2022/23 on the annual share plan reporting returns for both tax advantaged and non-tax advantaged share plans.

The 2022/23 returns are online only, and due for online submission by 6 July 2023. If you have not used the online service before, a new registration may be required. If you have previously registered, it may be necessary to file a nil return even if there were no reportable events in the 2022/23 tax year. Our briefing sheet contains further details:

Year-end reporting for employment related securities

How can we help?

- *Assisting with online registration of share schemes*
- *Assisting in preparing and/or reviewing returns, including previous years' returns if they have not been submitted*
- *Assisting with ongoing share plan compliance matters*
- *Assisting with PAYE settlement discussions and agreements on share plan liabilities*

Disclosure of tax avoidance schemes

Also aligned to a tax year reporting cycle and not limited to just employment matters, if you have operated a 'disclosure of tax avoidance schemes' (DoTAS) arrangement during the tax year you should confirm that you have identified and met your reporting obligations to HMRC reporting.

Short term business visitor reporting

If an employer has non-resident individuals from overseas visiting the UK for short business visits, PAYE may become due in respect of the income relating to UK based duties. Many employers seek to enter into an 'Appendix 4' agreement with HMRC, which significantly simplifies the administration of PAYE for these visitors and can generate cash flow advantages.

If you have such an agreement in place you must provide a report of all such visitors by 31 May following the end of the tax year. If this agreement is not in place, there is an obligation to both operate PAYE from day one in respect of this group of employees and to report to HMRC by 19 May on whether there have been any visitors to the UK for a period of more than 30 days in the tax year concerned.

How can we help?

- *We have international employment tax specialists who are experienced with the interaction of the complex rules under double tax treaties and domestic tax rules and can help guide you through the difficult process of determining whether an obligation exists*
- *We can help you apply for an Appendix 4 agreement for individuals from countries with whom the UK has a double tax treaty, or provide practical advice around tax withholding for individuals from countries who do not have a tax treaty with the UK*
- *Where an Appendix 4 agreement reporting obligation exists, we can support employers by reviewing the information relating to UK visitors for the year and completing the necessary year-end return*



**If you would like further information,
or help on any of the matters covered
here, please contact:**



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