



Employment taxes: Year end overview

Key deadlines for employers

Overview of key deadlines

Deadline	Task	Details
19-Apr-2021	Final RTI FPS submission	Under Real Time Information ("RTI"), employers need to use the "final submission" marker in their last FPS submission for the year. As usual, the FPS submission should be made on or before the day employees are paid. The final deadline is 19 April but filing after payday will require completion of a late filing indicator.
22-Apr-2021	Final PAYE payment	Assuming payment is made electronically.
31-May-2021	P60 deadline	P60s must be given to employees by 31 May 2021. These can be distributed in electronic format.
30-Jun-2021	STBV report submission (Appendix 4)	The annual Short Term Business Visitors (STBV) report, showing specified details of certain visiting foreign employees, must be submitted to HMRC. The usual deadline 31-May-2021 has been extended for this year.
06-Jul-2021	P11D and P11D(b)	Forms P11D and P11D(b) reporting benefits in kind provided to employees, and the associated employer's Class 1A NICs payable, should be submitted by 6 July 2021. The Benefits which have been payrolled with formal agreement from HMRC do not need to be reported on the P11D, but must be included on the P11D(b) to calculate Class 1A NICs. The Benefits which have been only informally payrolled must still be reported (but the amount payrolled included as an "amount made good").
06-Jul-2021	PSA	PAYE Settlement Agreement ("PSA") arrangements with HMRC must be finalised by 6 July 2021 – for example if an employer does not already hold a PSA, or if amendments are required as to what is covered.
06-Jul-2021	ERS return	The Employment Related Securities ("ERS") annual return (previously known as "Form 42") needs to be submitted by 6 July 2021 – even if there have been no transactions during the year (unless the ERS scheme ended and relevant notification was made last year or before).
22-Jul-2021	Payment of Class 1A NICs	Assuming payment is made electronically.
31-Jul-2021 or 31-Aug-2021	PSA calculation deadline	PSA calculation deadlines are set out in employer's PSA but are usually 31 July or 31 August. This allows time for review and approval by HMRC prior to the deadline for payment.
22-Oct-2021	PSA payment deadline	Assuming payment is made electronically.

Easing the administrative burden – agreements with HMRC

There are a number of administrative easements offered by HMRC for employers who have reached agreement with them. We have highlighted a few of the most common arrangements below and note that, in some cases, it is not too late to apply for the easements for the 2020-21 tax year. In other cases, it will be important to look forward and determine what arrangements might be helpful for the future.

PAYE Settlement Agreement (“PSA”)

If an employer provides benefits to staff on which it does not want individuals to pay tax themselves (for example taxable staff entertaining such as meals when working late or ad-hoc staff drinks) it can enter into a PSA with HMRC. The relevant benefits are included on the PSA and the employer pays the grossed-up tax and NIC, rather reporting via payroll and/or P11Ds.

It is possible to enter into a PSA where one is not already held, or change the items included, for the tax year that has just ended, if agreed with HMRC by 6 July 2021.

Short term business visitor (“STBV”) agreement

Unless employers have a STBV agreement (known as “Appendix 4”) with HMRC, they will need to operate payroll reporting in real time for any individuals who travel to the UK from abroad and work for them, even if only for very short periods of time and even if no tax is ultimately due under a double taxation agreement the UK has with the individual’s home country. This is often complex and time consuming and can cause cashflow difficulty for individuals who may be subject to withholding in more than one country.

Most employers who have STBVs will want to obtain an Appendix 4 agreement with HMRC – this removes the need to operate payroll reporting where individuals will ultimately be exempt from tax. Instead, employers will need to submit an annual report to HMRC.

If an employer does not already have an STBV agreement, it is possible to submit an application and annual report prior to 30 June 2021 for the 2020-21 tax year.

For employers with STBVs from countries with which the UK does not have a double taxation agreement, or in certain circumstances where there is an agreement, but it cannot apply, an “Appendix 8” agreement can be entered into. This agreement allows employers to operate an “annual PAYE scheme” whereby a single RTI submission and tax payment is made for any employee who has had a total of 60 or fewer UK workdays during the year.

Payrolling of benefits

Instead of reporting benefits via the P11D process employers can enter into an agreement with HMRC to payroll benefits. This means that the majority of benefits (excluding living accommodation and loans) can be processed via the payroll – the result is that tax is paid in real time, and employees do not have to report the benefits on their tax returns or have their PAYE codes adjusted.

As an employer, you will still need to pay Class 1A NICs on benefits and this means a P11D(b) is still required.

You will need to register before the start of the tax year in order for benefits to be excluded from the regular P11D process – so the earliest this can apply is 6 April 2022.

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