



Employment Taxes – Year End Overview

There Are Several Key Deadlines For Employers Following the End of the Tax Year

Overview of Key Deadlines

The below table highlights some of the key end of year deadlines to consider:

Deadline	Task	Details
April 2023 (suggested)	Check and renew expiring s.690 directions	Employers with non-resident employees working partially in the UK may have obtained an s.690 direction to reduce PAYE withholding (for income tax) to a specified percentage of income. S.690 directions can last for up to three tax years. Employers will want to review their current s.690 directions to determine if (1) any need to be renewed; and (2) if the estimated percentage of UK workdays remains appropriate or should be adjusted with agreement from HMRC.
22 April 2023	Final PAYE/NIC monthly payment	Assuming payment is made electronically.
31 May 2023	Form P60	Summary of the pay and tax that has been deducted in the tax year should be provided to all employees.
31 May 2023	STBV report submission (Appendix 4 and	The annual Short Term Business Visitors (“STBV”) report, showing specified details of certain visiting foreign employees, must be submitted to HMRC. For employers using the Appendix 8 PAYE special arrangement for taxable STBVs, the PAYE records and payment must also be completed by 31 May 2023.
06 July 2023	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 2023. Benefits which have been payrollled 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. Benefits which have only been informally payrollled must still be reported (but the amount payrollled included as an “amount made good”).
06 July 2023	PSA	PAYE Settlement Agreement (“PSA”) arrangements with HMRC must be finalised by 6 July 2023 — for example if an employer does not already hold a PSA, or if amendments are required as to what is covered.

Deadline	Task	Details
6 July 2023	New Employment Related Securities (ERS) plan registration	The deadline for any new plans to be registered with HMRC (we suggest registration is completed at least two weeks in advance to allow time to complete the required return after registration).
06 July 2023	ERS return	The Employment Related Securities (“ERS”) annual return (previously known as “Form 42”) needs to be submitted by 6 July 2023 — even if there have been no transactions during the year (unless the ERS scheme ended and relevant notification was made last year or before).
6 July 2023	Termination payment report	To provide HMRC with a report of all termination packages exceeding £30,000 including non-cash benefits.
22 July 2023	Payment of Class 1A NICs	To pay the Class 1A NIC liability on non-cash benefits as reported on form P11D(b). Assuming payment is made electronically.
31 July 2023 or 31 August 2023	PSA calculation deadline	PSA calculation deadlines are set out in an 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 October 2023	PSA payment deadline	Assuming payment is made electronically.

Easing the Administrative Burden — Agreements With HMRC

There are several administrative easements offered by HMRC for employers that 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 2022-23 tax year, even though the year has ended. 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 than reporting via payroll and/or P11Ds.

It is possible to agree a PSA where one is not already held, or change the items included, for the 2022-23 tax year, if agreed with HMRC by 6 July 2023. The application can be made easily online to HMRC. However, care will be needed for national insurance purposes and advice should be sought.

Short term business visitor (“STBV”) agreement — EP Appendix 4

Unless employers have an 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 cash flow difficulty for individuals who may be subject to withholding in more than one country.

Most employers that 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 apply and submit an annual report prior to 31 May 2023 for the 2022-23 tax year.

Taxable Short Term Business Visitors — EP Appendix 8

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 used.

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.

Non-resident Individuals Working in the UK — s.690 Directions

For UK employers that have non-resident individuals spending some (but not all) of their working time in the UK, the default PAYE position is that the entire earnings must be subject to PAYE for income tax. This can lead to cash flow difficulties for employees who are likely to have overseas tax liabilities. Employers can obtain s.690 directions from HMRC to reduce the PAYE withholding (for income tax) to the estimated percentage of UK workdays the individual will have for the tax year. An s.690 direction can normally be agreed for up to three consecutive tax years at a time and should be adjusted, with agreement from HMRC, if the actual working pattern is substantially different.

Employees subject to an s.690 direction will need to file an annual self-assessment tax return to accurately report the income that relates to their actual workdays (with the PAYE position being only a best estimate).

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 most 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 for benefits to be excluded from the regular P11D process — so the latest this can apply for the 2023-24 tax year is 5 April 2023.

Pension Automatic Re-enrolment

In addition to the auto-enrolment to the workplace pension every three years, employers are also required to review and re-enrol eligible employees who have opted out or left the pension scheme. Each employer must choose a re-enrolment date, which then sets the time frame of the three-year anniversaries. Employers will need to identify the employees who previously opted out or left the pension scheme but should be enrolled and start contributing to the pension scheme after that date. Employees may still choose to opt out of the scheme by written confirmation. Employers will also submit a re-declaration of compliance within five calendar months after every re-enrolment date.

Apprenticeship Levy

For each employer that has a pay bill (including all payments subject to employer NIC but not benefits in kind) over £3 million per year, you will also need to pay an Apprenticeship Levy each month at 0.5% via the RTI return in PAYE. Employers that make payments can also access the funding for apprenticeship training, including an additional 10% top-up by the government for a 24-month window after the payment.

If there is any adjustment on the earnings required at the end of the year, such as a change in bonus awards or a reconciliation error, this could also impact the actual Apprenticeship Levy due and would need to be amended via EPS. Any additional levy paid into the funds will be accessible within the usual 24-month window.

LEWIN HIGGINS-GREEN

Managing Director – Employment Tax & Reward
+44 (0) 20 7269 9367
lewin.higgins-green@fticonsulting.com

KAREN JOHAL

Director – Employment Tax & Reward
+44 (0) 20 7632 5101
karen.johal@fticonsulting.com

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