

A step by step guide to automatic enrolment

We've written a lot about automatic enrolment over the last few years, but for those who are yet to auto-enrol their staff, we suggest that you get planning. Ordinarily you should begin planning between 9-12 months prior to your staging date. Here's what to do:

- Confirm your staging date (www.tpr.gov.uk/staging-date).
- Provide a point of contact to The Pensions Regulator (www.tpr.gov.uk/nominate-contact).
- Develop a Project Plan. Don't leave it until the last minute. If you do, it could be more costly and complex to prepare.
- Assess the workforce for eligibility. You will need to know the costs of contributions; will you phase contributions in, or will you postpone?
- Choose payroll/pension/third party software. Payroll software will help you keep track of the ages and earnings of all your staff and will tell you what you need to do for each of them. You need to make sure your software supports automatic enrolment and you should test it well ahead of your staging date.
- Choose a pension scheme. If you have an existing scheme for your workforce you should check with your pension provider to see whether it is a qualifying workplace pension you can use for automatic enrolment. Don't leave it too late. It's important that the scheme you choose provides good governance and offers good value for money for you and your staff.
- Enrol employees. At your staging date you will need to identify which members of staff to automatically



enrol and which will have a right to join your pension scheme on request.

- Communicate to all employees. You have a mandatory requirement to write to your staff.
- Complete a Declaration of Compliance and Certification. This confirms to us that you have fulfilled your legal duties. It must be completed within five calendar months of your staging date.
- Maintain records. You must keep records. This will include the information you sent to your pension provider and copies of any opt-out requests you receive.
- Ongoing responsibilities; automatic enrolment is not just something that happens at your staging date – it is an ongoing duty.
- It's against the law to take any action to induce anyone to opt out. Examples of this could include persuading or forcing staff to opt out by offering them a cash bonus to do so, or by withholding a pay increase until they opt out.



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In this month's edition we look at:

- Automatic enrolment
- Healthier and happier - workforce health benefits
- Pensions
- When the tax man comes knocking - meeting HMRC's demands

Healthier and happier



Workforce health benefits have developed well beyond the traditional perks of “BUPA” cover and gym membership.

Assisting employees with health issues, promoting good health and managing sickness absence are all very much central to employer and human resources thinking.

Bearing in mind that employee health and wellbeing have a direct impact on sickness absence through the cost of lost productivity, missed opportunities and replacement staff, the cost of these plans is by no means prohibitive. Managing the impact of employee short and long term health conditions, together with sickness absence, is putting increasing strain on employers.

Many employers are finding that they can use benefit programmes to financially assist the workforce, promote healthy lifestyles, reduce the length of sickness absence and make a real difference to those big unexpected health events.

Employee health cover is tailored to your business and employee needs, covering a wide range of services from the everyday to more serious medical conditions.

Minor ailments are often the biggest cause of sickness absence. GP access 24/7 through a wellbeing programme provides reassurance and help to employees when they cannot get to see a GP.

An Employee Assistance Programme (EAP) will help employees to deal with personal and health problems which may be adversely affecting their job performance, health and wellbeing.

At times of real medical need, health cover can make a significant difference. Offering a second opinion service, access to private consultations, therapies, and even going as far as paying for private CT and MRI scans. Knee, hernia and other non-urgent surgical and medical procedures can be accessed much faster by employees in a work programme.

The entire workforce can benefit financially every year with ‘everyday’ healthy benefits, which include cash allowances towards dental, optical care and chiropody, personal health risk assessments and health club concessions.

Many schemes provide immediate benefit access, with no qualifying period and no requirement for a medical.

Investing in the workforce is often the source of most gains. Corporate health cover helps employers to be seen as employers of choice, offering a valuable benefit to potential recruits and a boost to motivation and retention for exiting staff.

Cover can be extended by the employee to their spouse and children.

If you would like to discuss employer health cover or to discuss how it can benefit your workforce please get in touch.



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Your business is our business

Free occupational health assessment

After a trial in the Sheffield area, the Government's new Fit for Work programme is being rolled out nationwide during 2015.

From autumn this year employers will be able to refer employees who have been off work (or are likely to be off work) for four weeks or more for a Fit for Work assessment. Currently, only the employees' GPs can make the referrals.

From 9 March, GPs in the programme have been able to refer patients for a free occupational health assessment. The purpose of the assessment is to identify obstacles preventing them from returning to work and produce a "return to work plan" tailored to their needs. This may include the employer making changes to the employee's role or workplace.

Prior to the complete roll out there is

help and advice on the website and a helpline employers and employees can use (fitforwork.org).

When dealing with employee related issues employers should ensure consistency across the workforce and be careful to follow guidelines in staff manuals, which may need refreshing.



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Fit for Work - tax relief

Usually if an employer paid for treatment which an employee needed, this would be regarded as a benefit in kind, and therefore taxable on the employee with a NIC charge on the employer. The Government has introduced a new £500 per annum exemption for medical treatments paid for by an employer.

has been absent from work for at least four weeks, the employer can fund up to £500 of treatment with no resulting benefit in kind on the employee.

Assisting employees back to work reduces the impact of illness on them, their families and your business.

Provided that the treatment has been recommended by either Fit for Work or another occupational health specialist, and the employee



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Be Pension Wise with pension freedom

The 6 April marks the day when the Government unlocks the pension pots of the over 55s. The advice from the pension industry is to take a deep breath, a step back and consider what to do.

complex financial products using impenetrable language with sundry different rules.

The six steps to financial retirement are:

1. Check the value of your pension pot
2. Understand what you can do with your pension pot
3. Plan how long your money needs to last
4. Work out how much money you will have in retirement
5. Watch out for tax
6. Shop around for the best deal.

The Government is providing free guidance to those over 55. Guidance you will note, not advice on a definitive course of action.

Pension Wise is the brand name for this guidance. It will be delivered in three ways. The Pension Wise website will be almost everyone's first place to look. This will include a lot of information and advice as to where to get further guidance. Further help is then available either face to face from Citizens Advice or over the telephone from The Pensions Advisory Service.

pension. This type of pension invests savings in a financial product producing a lump sum at the end. A Pension Wise meeting will last about 45 minutes. They will find out about your pension, your assets and debts. They will then outline the pros and cons of each option available to you. If you need more formal advice they will point you towards a Money Advice Service Retirement Advisor, such as BHP Financial Planning. Pension Wise guidance is free. An advisor will make a charge. Unless you have your own advisor we would recommend that you speak to Pension Wise first. If you are unsure about what to do then please take advice.

Understandably, people struggle with pensions, which are often

The guidance is only available to those with a defined contribution



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When the tax man comes knocking

Although HMRC's PAYE compliance officers check payrolls, they concentrate more on expenses, benefits, entertaining and employee status. These are complicated areas which employers sometimes struggle with and which net HMRC the biggest result in terms of tax, interest and penalties.

A small mistake repeated often enough, or year on year, will mount up. The employer will end up paying any additional tax and NIC duties, which may be grossed up because the employer is paying and not the employee.

Anything and everything you supply to or pay for your employees is, in the first instance, regarded by HMRC as taxable.

Thankfully, HMRC does have a little common sense, so don't lock away the tea, coffee and biscuits just yet! However, the rules on perks and expenses are incredibly complicated.

Who arranges the "perk" or expense and how it is paid for changes the tax treatment. Sometimes you should put it all through payroll for tax and NIC, sometimes its NIC for payroll and a P11D as a benefit for tax, and sometimes the correct treatment is to show it just on the P11D.

The common sense approach is not necessarily compliant. Take a working lunch. The directors or the sales team get together. The company puts on a few sandwiches or the meeting is held off site at a local restaurant. The only purpose of the meeting is to discuss business, so you would have thought that this could never be a benefit in kind. However, if it is not on the company premises, or if not every employee can benefit from a free meal at some point in the year, then the expense is a taxable benefit in kind.

P11DS, dispensations and PAYE Settlement Agreements

A dispensation can clear up a lot of expenses which should be reported on a P11D. Things like business travel and subsistence, business purchases on the company credit card, professional subscriptions reimbursed and business entertaining (clients and contacts). If you haven't got a dispensation or could do with updating it search for P11DX on HMRC's website and you can complete the application online. Although still needed for 2015/16, they are to be abolished in April 2016 in favour of an automatic exemption.

P11Ds are not just for company cars or private medical cover. Lots of expenses may have gone through petty cash, expense claims, on the company credit card, or even the purchase ledger. This is where correct coding of expenses at the time they are paid is crucial. It is onerous going back to see if anything should be included on a P11D. This is what happens during a compliance check though. After a couple of hours of questions and answers, HMRC spends the rest of the time reviewing expense claims, petty cash and other records.

Employers can choose to pay the tax due on behalf of the employee, for instance, where there is a non-qualifying long service award, a gift as a reward for good work, sales incentives, or a retirement gift. In these circumstances, where the employer is rewarding staff, s/he probably doesn't want them to end up with a tax bill.

Under a PAYE Settlement Agreement, the employer agrees to pay the tax and NIC due. The agreement deadline is 6 July following the tax year, with the tax payable by 19 October.

P11Ds should be submitted to HMRC by 6 July and any Class 1A NIC is payable by 19 July. If the P11D item is a business expense employees can make a separate claim for tax relief.

Budget 2015

HMRC was intending to finally put a monetary limit of £50 on trivial benefits. This is NOT going ahead. It will not be included in its Finance Bill.

The risk

Sometimes in business the careful attention to detail which HMRC insists on can slip, or things which seem perfectly reasonable can fall foul of tax technicalities. At some point every employer will be on HMRC's radar. HMRC is tasked with recovering ever greater sums from businesses as part of a Government drive to increase tax revenues.

We strongly recommend each business carries out its own internal review or asks our team of Employer Consultants to come in and help put right anything which may need correcting before HMRC calls.



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