

Employment tax and compliance

Management of significant staff numbers requires more than simply limiting the salary overhead. Finance teams face additional challenges around compliance and cost effectiveness when handling payroll, benefit and expense matters, as well as communicating these to employees and handling enquiries from HM Revenue and Customs (HMRC). As local government faces increased pressure on revenue, how can risk and an important resource be best managed?

Local government bodies employ significant numbers of people and employment costs account for a large slice of the budget. With constant changes in legislation and HMRC's practice around employment tax, finance teams need to minimise risk as well as achieve overall business objectives. We can help you achieve the best outcome for the following:

- **tax risk** – with a large employee population, the volume of work involved in the administration of payroll and benefits is great. Coupled with the complexity of the tax rules, small errors can then result in significant exposures to tax and National Insurance Contributions (NIC).

Our tax reviews typically concentrate on procedures and systems to ensure you are in a position to fulfil employment tax obligations, thereby reducing the risk of exposure to additional liabilities and penalties. Our review will include recommendations to reduce

compliance risk by improving systems and processes, and also look at ways of achieving cost, tax and NIC savings.

- **equal pay/single status awards** – many authorities are facing sizable settlements to current and former employees which are subject to complicated rules regarding tax and NIC.

We have experience in negotiating with HMRC on behalf of our clients to secure agreement for applying special rules which allow the use of a composite rate for tax and NIC.

This gives certainty to employees and can result in a higher percentage take-up during the compromise agreement process.

If settlements have already been made, we can review these to identify whether opportunities arise to revisit any agreements with HMRC to reduce composite tax rates applied.



- **employment status** – it is of critical importance to ensure that proper consideration is given to employment status when paying anyone for services outside of the payroll. Getting it wrong can result in tax exposures and a recent court case has confirmed that there is no automatic right of set off in respect of any tax that the worker may have paid personally. Thus, the engager may face unexpected bills with interest and penalties added.

Grant Thornton's employer solutions team provides advisory services on employment status issues and has an enviable track record of success.

- **Construction Industry Scheme (CIS)** – local government bodies are deemed to be contractors and therefore need to comply with HMRC's onerous and complex CIS rules.

We can review processes to ensure that they are compliant and where appropriate, highlight areas of weakness and suggest improvements thus reducing potential exposure to penalties.

About us

Our dedicated employer solutions team based throughout the UK includes a number of individuals who are former HMRC inspectors or employment tax compliance officers. We have an impressive history of producing solutions for our clients which are not only cost effective but fully congruent with their wider business objectives. Our approach to providing outstanding client service is to ensure that we tailor our services to the individual needs of each client: we do not believe that one size fits all.

Contact us

For further information on how we can help you, please contact:

Ellie Gamble

Senior Manager, Employer Solutions
T 020 7728 2217
E ellie.gamble@gtuk.com

Anil Patel

Senior Manager, Employer Solutions
T 020 7728 3366
E anil.patel@gtuk.com