

PAYE Health Check – what to look out for

HMRC may require UK companies to determine the correct tax reporting and treatment is being followed in areas such as Expenses Management, Benefits, Share Reporting and use of Employer of Record (EOR)






Blick Rothenberg has extensive experience of HMRC compliance checks into PAYE and National Insurance.

Key areas HMRC look at when conducting a PAYE audit into a business where the greatest risks may occur are as follows:

Expenses






Contrary to popular belief, the reimbursement of an expense is taxable income in the hands of the employee. Only specific exemptions and deductions can remove the expense reimbursement from a charge to tax and NICs. HMRC look for the following when examining expense reimbursement:

-  Domestic and international travel
-  Working from home
-  Staff entertainment
-  Telephone
-  Documented policy

Equity & Incentive Plans







What long term incentive arrangements are in place for employees?

-  Stock Options
-  Share plans
-  Restricted shares granted

Benefits



The suite of benefits the employer provides for staff and how they account for tax on those benefits form a significant part of an HMRC employer compliance check. In particular, the following questions should be asked:

-  Company car
-  Food and drink
-  Prizes and vouchers
-  Childcare

Employee Status



HMRC will on occasion open PAYE compliance checks solely looking into off-payroll workers and contractors. On other occasions, this will form part of a wider employer compliance review by HMRC. Below are some of the key matters that HMRC would look at in determining the level of risk of non-compliance with the off-payroll working rules:

-  People
-  Agency Staff
-  Business Traveler
-  Global

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