

Impact on employers

Autumn Budget 2017

The Chancellor's Autumn Budget 2017 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer. The key messages in the Budget announcement are outlined below.

Off-payroll working in the private sector

The Budget announced that following the changes in April 2017 relating to off-payroll workers in the public sector, eg IR35, that compliance in this area is now improving. Therefore, it has been confirmed that government will consult on extending these IR35 reforms to the private sector, drawing on the experiences gained in the public sector. Any changes in this area would unlikely be introduced until April 2019. This should also be considered in the wider context of the employment status discussion paper, to be published in response to the Taylor review of modern working practices next year.

Employee expenses

A number of changes were announced in the Budget relating to the tax treatment of employee expenses and so called benchmark scale rates. From April 2019 there will be a relaxation of the rules requiring employers to check receipts when reimbursing subsistence benchmark scale rates, which will be a welcome change to current arrangements and significantly reduce the administration and process involved in reimbursing these rates. This will typically apply to those employees who are either field based or who travel regularly for business purposes. The concessionary rules for rates applying to temporary accommodation and subsistence when working overseas will also be given a statutory footing which will lead to greater certainty and clarity in this area and assist employers who manage large assignee populations.

Termination payments

The government will legislate to ensure that from 6 April 2018, employees who are UK resident in the tax year and if their employment is terminated they will not be eligible for foreign service relief on their termination payments.

National Insurance Contributions (NICs)

The government will introduce the NICs bill in 2018, which introduces measures taking effect from April 2019 abolishing Class 2 NICs and reforming NICs treatment of termination payments.

Employment allowance

Some employers have abused the employment allowance to avoid paying the correct amount of NIC. From 2018, any employer with a history of avoiding NICs in this way will be required to provide upfront security against their NIC liabilities.

Benefits in kind

From April 2018, there will be no benefit in kind charge on electricity that employers provide to charge employees' electric vehicles. From 6 April 2018, the fuel benefit charge and the van benefit charge will both increase by Retail Prices Index (RPI).

National living wage

From **6 April 2018**, the national living wage will **increase to £7.83**, currently £7.50. It is likely that one or more of these measures will impact on you as an employer.

Contact

Peter Legge
Partner, Tax
T +44 (0)28 9587 1081
E peter.legge@ie.gt.com

Sam Beattie
Manager, Payroll
T +44 (0)28 9587 1124
E sam.beattie@ie.gt.com

 www.grantthorntonni.com  [@GrantThorntonNI](https://twitter.com/GrantThorntonNI)  [Grant Thornton \(NI\) LLP](https://www.linkedin.com/company/grant-thornton-ni)

Offices in Belfast, Dublin, Cork, Galway,
Kildare, Limerick and Longford.