

TECHNICAL UPDATES

Our regular roundup of legal and regulatory change

EMPLOYMENT LAW



THIS SECTION IS SUMMARISED FROM THE BULLETINS OF VARIOUS LAW FIRMS AND ASSOCIATIONS. NONE OF THE INFORMATION IN THIS UPDATE SHOULD BE TREATED AS LEGAL ADVICE

PARENTAL BEREAVEMENT (LEAVE AND PAY) ACT 2018

Parents who lose a child now have a legal right to two weeks off work. The Parental Bereavement (Leave and Pay) Act 2018 received Royal Assent on 13 September.

Provided the child is under the age of 18, a parent should be entitled to statutory bereavement pay during the period if they have been with their employer for a continuous period of at least 26 weeks and satisfy other criteria around eligibility to work.

If a parent loses more than one child, statutory bereavement pay would be given in respect of each child.

Details, including the amount of money to be paid, are to be announced in full prior to the

Act taking force in 2020.

The legislation can be found at tinyurl.com/BAM-ParentalLeave

LIFTING OF TRIBUNAL FEES SEES SURGE IN SYSTEM

New figures from the Ministry of Justice (MoJ) suggest that the employment tribunal system is struggling under the weight of its caseload since fees were abolished.

There were 165% more single claims in Q2 2018 (10,996) than in Q2 2017 (4,241). Multiple case claims were up 344%, though this was affected by a large multiple case involving an airline.

Employment tribunal fees were declared unlawful and abolished in July 2017. A government refund scheme was opened to anyone who paid a fee to have their case heard between July 2013 and the date of abolition. In the new MoJ figures, fees to the value of £10.6m, totalling 12,400 refund payments, were made to claimants between October 2017 and 30 June this year. £4m and 5,100 claims were made during the period April to June 2018.

MENTAL HEALTH FIRST-AID AND OTHER PODCASTS

Providing first-aiders at work is enshrined in employment law, but what about provision for mental health?

Statistics from wellbeing charity Mind suggest that almost 15% of people experience mental health difficulties at work. With this in mind, providing mental health first-aid in the workplace is a growing area.

XPerTHR has released a free podcast explaining what is involved in looking after staff mental health.

Instructor Peter Larkum describes what mental health first-aiders do, and gives information on how to spot signs that someone may need help. Visit tinyurl.com/BAM-MentalHealth

This is one of several new podcasts and webinars XPerTHR has added to its growing library of audio resources on personnel management.

Another open access recording, *Brexit - how to prepare for the removal of free movement*, features Fragomen immigration lawyers Louise Haycock and Emma Kendrick. They talk through the process of dealing with staff in a 'no deal' situation.

Those who sign up to alerts can also access *Key HR metrics and what we can learn from them*. This podcast analyses trends gathered by XperTHR over the past decade.

See the full library of recordings at tinyurl.com/BAM-XperTHR

BRING ON LEISURE TIME: THE IMPACT OF AI

Using artificial intelligence in the workplace could mean 12 days' working time is saved per British admin worker by 2030.

Those are the predictions made in research from Henley Business School, which looked at the implementation of smart AI assistants (AIAs) in various spheres of work.

Researchers found that AIAs would allow workers to develop skills away from routine administrative tasks, which would instead be done by computers.

However, the research also found that 74% of business leaders had not been preparing staff for the changes to come.

Director of Henley Careers, Naeema Pasha, said employers would need to think about staff training needs when putting plans in place.

See tinyurl.com/BAM-AI-TimeSaver

WOMEN FEAR REPORTING SEXUAL HARASSMENT AT WORK

The annual Young Women's Trust survey revealed a grim statistic - over 800,000 women have been sexually harassed in the workplace, but did not report the incidents for fear of repercussions.

Additionally, a third of young women said they wouldn't know how to report an incident if it happened. Some 7% believed they had been less well treated at work, or during the job hunting process, having turned down sexual advances.

In the 100th anniversary year of women winning the vote, the survey uncovered persisting levels of gender inequality.

A million younger women reported being paid less than a male counterpart for the same role. There were 770,000 respondents who described their financial circumstances as "struggling". About 1.2 million women said they were depressed, and another 2.3 million identified as "worn down".

The survey of 5.5 million women aged 18-30 found that almost half (48%) still lived with their parents. Some 56% of young people find they are unable to put aside savings every month.

TAX



NEWS AND UPDATES FROM THE TAX FACULTY WEEKLY NEWSWIRE. VISIT ION.ICAEW.COM/TAXFACULTY AND CLICK THE SIGN-UP LINK TO SUBSCRIBE FOR FREE

AUTUMN BUDGET 2018 - ICAEW REPRESENTATIONS TO THE GOVERNMENT

Further to the government's general invitation for representations on the content of the 2018 Autumn Budget on 7 September, ICAEW Tax Faculty submitted a paper that has also been published on its website as ICAEW REP 115/18 Budget Autumn 2018.

In this paper, ICAEW Tax Faculty recommended that there should be no new policy initiatives on tax at this time. Attention should instead be given to enabling would-be compliant taxpayers to more easily fulfil their obligations and understand their entitlements. Coping with HMRC's digital systems over the past few years has been made even more difficult by the number of policy changes.

ICAEW Tax Faculty also recommended that attention should be given to:

- Resolving the tax implications of Brexit;
- Properly funding HMRC to ensure it collects the correct amount of tax as fairly and efficiently as possible. This would include publishing the right guidance at the right time and designing, building, testing and - when found to be wanting - correcting its processes and IT so people can easily report and pay the right amount of tax;
- HMRC improving the manner in which it interacts with taxpayers and agents and placing greater reliance on the work of trusted agents; and
- Reducing the speed with which new policy measures are introduced, as this would reduce the likelihood of mistakes in the legislation that subsequently need to be repaired, which is undermining trust in the tax authorities.

More specifically, the Tax Faculty suggests that:

- Tax policymaking requires greater transparency to aid understanding and avoid legislative errors. Policies when first announced

need to be explained in sufficient detail to enable everyone to understand exactly what is the intention of Parliament;

- Tax rates and allowances need to be rationalised to eliminate distortions and cliff edges which discourage economic activity;
- Rolling out making tax digital (MTD) for VAT in April 2019 is likely to prove impractical owing to software and businesses not being ready or, in some cases, unaware. Any penalty regime should be very light touch;
- Practical problems with public sector off-payrolling regimes should be resolved as a priority and certainly before consideration is given to extending to the private sector, which it is not realistic to do until April 2020 and then only when the public sector problems have been addressed; and
- PAYE real time information (RTI) processing by HMRC needs to be made fit for purpose to prevent continuing incorrect and different entries on HMRC's, employees' and employers' records.

The representation can be read in full at tinyurl.com/BAM-BudgetRep

UK TAX RATES - HOW DO THEY COMPARE WITH OTHER COUNTRIES?

The latest comparative study of the tax systems in the OECD countries provides interesting comparatives for the UK in the run up to the Budget in November.

The study covers the 36 members of the OECD as well as Argentina, Indonesia and South Africa.

South Africa is one of the key partners of the OECD, of which the other key, non-OECD, partners are Brazil, India, Indonesia and China.

The UK has the lowest corporate income tax rate with the exception of outliers Ireland and Hungary, which are quite a few percentage points below every other country.

The OECD Press Release reflects on recent changes in corporate income tax rates as follows:

"Among the countries that introduced significant corporate tax reforms were a number with high corporate tax rates, where tax reform was long overdue," said Pascal Saint-Amans, director of the OECD Centre for Tax Policy and Administration.

"While these corporate tax cuts have created some concerns of a 'race to the bottom', most of these countries appear to be engaged in a 'race to the average', with their recent corporate tax rate cuts now placing them in the middle of the pack. We will be closely watching how other countries respond to this trend in the future."

The final table shows the relatively limited role of property taxes in all the OECD countries but it does also show that the UK has the highest property taxes as a percentage of GDP.

This echoes the message in the Tax Faculty 2009 Wyman debate and the point made during that debate by Stephen Bill, who was at the time Chef de Cabinet for European Commissioner László Kovács.

The policy recommendations at the end of the presentation are:

- avoid excessively pro-cyclical tax policy in a context of economic recovery;
- critical need to continue cooperating to avoid harmful tax competition;
- continued focus on inclusiveness; and
- significant progress needed on environmentally-related taxation;

We will be able to gauge the extent to which the UK is listening to the OECD message when we hear the chancellor's Budget statement expected in November.

See tinyurl.com/BAM-UKTaxRates

NOTES ON THE GIG ECONOMY

The gig economy has been the subject of much discussion in the tax world recently. What is it, how does it work and how should it be taxed?

A new factsheet from the Low Incomes Tax Reform Group provides practical help for workers caught up - willingly or otherwise - in the gig economy.

The publication of *Tax if you work in the gig economy* was prompted by the fact that many of those earning money in the gig or sharing economies may have little idea of the tax and NIC implications. Research commissioned by HMRC suggests that many people who have income from the sharing economy do not even realise it is taxable.

The guide is aimed at individuals, rather than tax experts, and covers: what is a taxable activity, self-employment and registering with HMRC, employment, and entitlement to tax credits.

The HMRC report, *Research on the Sharing Economy* is at tinyurl.com/BAM-SharingEconomy

Read *Tax if you work in the Gig Economy* at tinyurl.com/BAM-GigEcon

IFS GREEN BUDGET

The IFS Green Budget took place on Tuesday 16 October, two weeks before the Budget itself on 29 October.

IFS covers the outlook and risks facing the UK public finances and options for the upcoming Spending Review. It provides specific analysis of options for raising taxes, the impact of Brexit on the labour market, how the government spends its overseas aid budget and home ownership among young people.

For the fourth year, ICAEW has written chapters for the Green Budget publication on the UK government's assets and on defence spending, and made presentations during the Green Budget event itself at Chartered Accountants' Hall.

Additionally, ICAEW's director of public sector, Ross Campbell, hosts a webinar on 25 October joined by one of the IFS team's experts.

The change in timing of the Budget from Spring to Autumn means that it is 20 months since the previous IFS Green Budget in February 2017.

For more information see tinyurl.com/BAM-IFSGreenBudget

TAXTALK - CLASS 2 NICs

The monthly TaxTalk recording for September included a section on the reprieve of Class 2 NIC and contractor loans. October's episode will touch upon the upcoming Budget and Brexit. See the recording at tinyurl.com/BAM-TaxWebinars