

Feature

Tax and beaters' pay

The NGO has been working to clarify HMRC's changes. Here we try to answer your questions...

WHAT IS REAL TIME INFORMATION (RTI)?

HMRC NOW REQUIRES ALL PAYMENTS MADE to employees (full-time, part-time and casual) to be notified to HMRC online within seven days. This change applies to all payments for all kinds of work, the only exception being where an employer is not paying anyone more than £107 a week (the 'Lower Earnings Limit'). As soon as just one employee exceeds that threshold, then every payment to every employee must be reported via RTI.

DOES RTI APPLY TO BEATERS' PAY?

Unfortunately, we still don't know. The CLA has met HMRC to renew their 1985 agreement which continues to exempt shoots from having to pay tax at source (PAYE) as long as their beaters are genuinely casual. For the definitions of 'casual' etc to see if your shoot qualifies for this exemption, read the agreement in full at www.hmrc.gov.uk and type 'beaters' into the search box, then click the top item. But whether this renewed agreement also exempts such shoots from the requirement to make the seven-day RTI returns has still not been confirmed by HMRC. Keep an eye on the websites of the NGO, CLA and HMRC for developing news.

Where beaters are not genuinely casual (the agreement says that on any shoot where there is an expectation of more than one day's work, they are not), the CLA/HMRC agreement does not apply, so PAYE must be paid and RTI returns made. As well as the amount paid and hours worked, the RTI return must include the name, address, date of birth and NI number of the person being paid. Anyone due to make RTI returns but not complying will be breaking the law and liable for significant fines.

IS IT TRUE THAT BEATERS CAN NO LONGER BE PAID IN CASH?

No. Beaters can still be paid in cash.

IS IT TRUE THAT BEATERS ARE BEING FORCED TO PAY TAX FOR THE FIRST TIME?

No. Beating income has always been

taxable, unless the individual's total income is below the minimum tax threshold. The new electronic RTI system will make it easier to catch up with people not paying enough tax (one reason it has been introduced), but the requirement to pay tax or not on beaters' earnings, depending on total income, is unchanged.

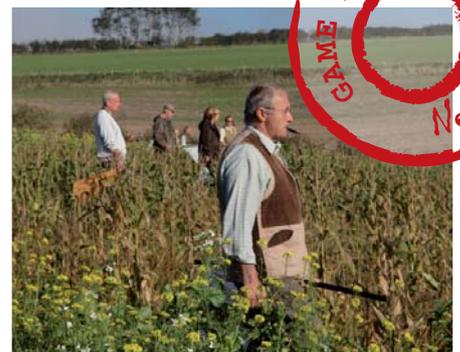
DO ESTATES/SHOOTS HAVE TO PAY TAX AND NIC FOR THEIR BEATERS?

Some estates and shoots already pay NIC on behalf of their beaters and some also pay the tax due. They may not have to do it that way but many think it is simpler. But beaters must still declare their beating income on their annual tax return, even if they know the shoot has already paid their tax at source. (NIC is not payable for people over 65 or under 16.)

CAN SHOOT HELPERS BE SELF-EMPLOYED?

In theory, yes, 'Joe Bloggs Beating Services' could invoice the estate or shoot and then any requirements for PAYE, RTI and NIC would cease. But true self-employment is tightly defined and hard to sustain in a normal beating context. If the beater works for the estate or shoot whenever asked, HMRC may conclude that he is not self-employed. Likewise, self-employment implies that the self-employed person makes the decisions and doesn't work under instruction, which might be hard to sustain in a beating context, although perhaps easier for loaders and pickers-up, who largely make their own decisions and provide the 'tools of the trade' – another indicator of self-employment. Anyone found on investigation not to have been self-employed when they claimed they were could face legal penalties and will be liable to pay all tax due. If you decide to go down the self-employment route for shoot helpers, you may want to take professional advice.

Estates and shoots using self-employed shoot helpers must still keep records of all payments made to them and make a return to HMRC on form P38A at the financial year end.



DAVID FROST

CAN SHOOT HELPERS SET THE COSTS OF EQUIPMENT AGAINST TAX?

Beaters, loaders and pickers-up may claim the costs of any clothing or equipment used solely for their beating work, against tax. This applies if the employer does not provide such equipment and also for the self-employed. But the penalties for unjustified claims are high. It may be best to take professional advice on your own personal circumstances.

WHAT DOES ALL THIS MEAN FOR SHOOTING?

Large estates and organised commercial shoots that are already running PAYE software for beaters and not relying on the CLA/HMRC agreement will need to make RTI returns. The changes require a small adjustment to their administration and the HMRC website provides advice about what to do.

Shoots that used to operate under the CLA/HMRC agreement can continue to do so and will be exempt from PAYE. They will still have to pay NIC where appropriate and we do not know yet whether they will have to make RTI returns as well.

Less organised shoots may not have been up to speed with the law beforehand and such shoots should take advice from a tax adviser to get everything right.

Small family or farm shoots may conclude that it is easier not to pay beaters at all, but to treat it as a fun day out, attracting beaters with a decent lunch and the chance of some pigeon shooting later in the year. Plenty of small shoots already operate happily in this way.

DISCLAIMER

Although the above advice has been prepared in good faith and is believed to be correct at the time of printing, no liability can be accepted by the NGO for the content. Individuals are encouraged to take specialist tax advice relating to their own particular circumstances.