

REGULATION, COMPLIANCE ISSUES & TECHNOLOGY

Employment Tax Specialist Sue Ollerenshaw gives her views on the latest technology developments and the next recruitment industry challenges

Technology has to be a business enabler - so it needs to be constantly on the move. It has to keep up with new business pressures and external influences. In today's recruitment world there two key areas that are influencing how technology is developing and how businesses need to operate: pressure to comply and pressure on margins and profits.

Sue Ollerenshaw, Director at Efficient Employment Tax Solutions Limited commented "Whenever I talk to recruitment company owners they have all said that the most critical issue for them at the moment is downward pressure on margins and competing against companies that are not operating compliantly - to whom they are losing turnover.

One even commented that it was reaching the point where they felt that if HMRC do not take action against the non compliant companies he would be forced out of business"

Increasing employment regulation and compliance issues can be complex. Technology can really help here.

Following the recent HMRC v Reed Employment battle many will be thinking that Travel & Subsistence schemes may become extinct. This is not true as this case is being appealed and many of the issues raised are no longer relevant as HMRC's views have evolved. Following two consultation documents, HMRC accept that these schemes are legitimate tax planning provided they are operated compliantly. So broadly, this means that: temps must be engaged under over arching employment contracts; they must be expected to work at more than one location; they must actually spend money travelling to such locations; their pay must not be below NMW after any sacrifice; and the temps must be able to understand and agree to the arrangements.

With rates being eroded and pressure on margins to remain competitive, there are still serious financial benefits to be had in operating an in-house travel scheme. If it's in house - you have total control, you can be sure it's above board and is implemented correctly - that's where specialist integrated technology comes in.

Other regulations like the new pensions auto-enrolment scheme would really be impossible to comply with properly without a good technology solution - the payroll and HR systems need to be able to cope with any extra administration and companies must register online with the Pensions Regulator within four months of the staging date to confirm they have fulfilled the obligations

Another big change coming up

One of the biggest changes coming up to payroll legislation many years is Real Time Information, or RTI. Basically HMRC will require employers to send data about PAYE, NIC and student loans to them every time an employee is paid. It has advantages in that all the form filling will be eliminated - but there are serious potential pitfalls - not least ensuring the robustness of the systems put in place to manage the new process.

From both an employer and employee point of view technology, and the pace at which it is improving, can just make life a lot easier. For example, it can provide portals for individuals to access their information directly - download their own payslips. It can make working out shift times simpler and even allow individuals to manage their own bookings.

Stay competitive AND comply

If you want to remain competitive and also comply with your onerous responsibilities as an employer, it is crucial that your software is robust enough to minimise administration but flexible enough to change with the rules. It is also key that your software provider is working with recognised sector specialists to keep up to date on changes in employment and tax law.