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Employment Taxes Hot Topics and Fair Pay

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Today's agenda



Welcome



Mandatory payrolling of benefits



UK Autumn Budget updates

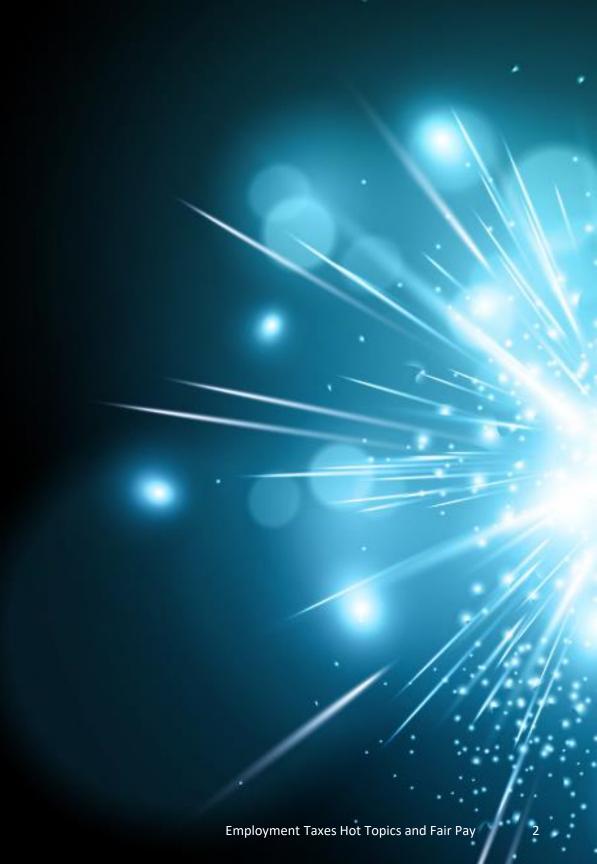
- Employer NIC increase
- Off-payroll working



EU Pay Transparency Directive



Questions



Where we are

HMRC technical note published Further stakeholder meetings in on 30 October 2024 Spring/Summer 2025

New Minister approved mandatory payrolling from 6 April 2026 in Autumn Budget

Draft guidance, legislation and technical specifications for developers in mid to late 2025

Finance Bill expected between November 2025 and early 2026

Mandatory payrolling of benefits Menti question

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Have you been involved in any conversations within your organisation around payrolling of benefits?





Impact for a globally mobile workforce

Reporting position Monitoring changes Timing challenges for benefits, e.g. tax Large, ad hoc Tracking of available to assignments, with data feeds from returns, immigration, including eligibility benefits reliefs/exemptions benefits providers other trailing list tracking benefits, etc. **Tracking of Benefits provision Availability of** Use of the PSA **Certificates of** /policy design **Foreign Tax Credits** Coverage

Mandatory payrolling of benefits Menti question

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Which of these do you envisage will have the biggest impact for your organisation?

- A Timing of data feeds
- **B** Reporting positions
- **C** Tracking of reliefs/exemptions
- Large, ad hoc benefits
- **E** Use of PSA

Planning for successful implementation

Process	Understand the payrolling benefits framework and your benefit landscape	Consider policy decisions	Valuation of benefits in real time (including interaction with OpRA)	Employee comms	Payroll software configuration	Scenario stress testing	Go live on HMRC systems (registration for loans/ accommodation if applicable)
Stakeholders	Payroll (& provider)	Payroll	Benefits	Payroll	Payroll (& provider)	Payroll	Payroll
	HR	Benefits/ Reward	Tax	HR	Тах	HR	Benefits
	Tax	HR	HR	Benefits	HR	Benefits/Rewards	Payroll Provider
	Benefits	Legal		Rewards/Legal	Benefits	Legal	
	Reward			1 1////	П	IT	

Automation opportunities

Sourcing



Vendor data e.g.

- Insurance benefits
- Company cars
- Relocation data



Client internal trackers

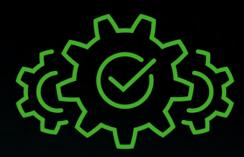
- Outstanding loan balances
- International movements
- Relocation threshold tracker



Finance and HR systems

- General ledger & Expenses system
- HR information
- Travel data
- Validating and aggregating data from numerous sources, ensuring consistency and accuracy
- Automated checks performed on the data to identify irregularities
- API enabled to integrate with existing business systems
- Tracking and recording employee eligibility for reliefs and exemptions

Tax Optimised Processing



- Classification of benefit and expenses data by a Deloitte taxability ruleset enhanced with Machine Learning capabilities
- Configurable ruleset to account for client-specific nuances
- Legislative thresholds considered when identifying taxable and non-taxable values
- Accurate apportionment of benefit values to adhere to legislative reporting requirements for current and future periods

Reporting



Payroll instruction



Exempt items and Items for PSA

- Delivery of a payroll instruction for the processing of benefit amounts, and recording of the treatment of all items
- Payroll instructions as a file for upload, or sent directly into payroll system via API integrations
- Reconciliations and analytics designed to ensure confidence in payroll instructions and amounts processed

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UK Autumn Budget 2024

Impact for a globally mobile workforce

Changes to
Employer
National
Insurance
Contributions
("NIC")

From 6 April 2025:

- Employer National Insurance rates (Class 1 secondary, 1A, and 1B) will rise from 13.8% to 15%
- The annual Secondary Threshold for Class 1 secondary contributions will decrease from £9,100 to £5,000

Areas of consideration:

- Assignment planning and strategy
- Budgetary pressures

UK Autumn Budget 2024

Impact for a globally mobile workforce

Proposed changes to rules around umbrella companies

The government will tackle tax non-compliance in umbrella companies by moving PAYE obligations to recruitment agencies or, where an agency is not present, end client businesses from April 2026.

Areas of consideration:

- Definition of "umbrella" still awaiting further guidance
- Identifying and monitoring umbrella companies in supply chain
- Vendor management
- Assignment Planning and impact on talent acquisition

EUPTD overview

What is the EU Pay Transparency Directive (EUPTD)?



What is the EUPTD

- Key measures include:
- Either implement gender pay gap reporting for the first time, or, in countries where reporting already exists, broaden the scope of the requirements.
- Report gender pay gaps by 'categories of workers' and, where gender pay differences are not justified by objective and genderneutral factors, remedy the gap. A compulsory joint pay assessment (similar to an equal pay audit) can be triggered if the gap is not remedied.
- Introduce several individual rights for existing workers and job seekers in relation to pay transparency.



Application of the EUPTD

- The EUPTD will apply to organisations with workers in the EU.
- With the exception of gender pay gap reporting, there is no de-minimis number of workers required for the EUPTD to apply.
- Gender pay gap reporting requirements apply to organisations with at least 100 workers in an EU country (details yet to be finalised).
- Gender pay gap reporting includes base pay, variable pay, allowances and benefits in kind.
- Outside of reputational damage, organisations who fail to comply with their obligations may be liable for compensation to workers as well as penalties for noncompliance.



When will the rules come into force?

- Gender pay gap reporting requirements under the EUTPD commence in June 2027, meaning that employers have effectively two pay cycles to investigate and remedy any pay equity issues.
- Requirements outside of reporting apply from 2026.

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EUPTD

Why is this relevant for Global Mobility (GM)?



What are the underlying contractual arrangements for your assignment policies and who should be considered in country and entity reporting?



Treatment of 'new' GM types

Have virtual assignments and remote working arrangements been assessed and considered for reporting?



Challenges of reporting

How do you capture all pay items, including home country benefits?



Pay discrepancies with local employees

As a result of assignments into higher/lower cost locations.



Gender pay discrepancies

In locations with senior positions/C-suites who are more likely to be male and negotiate on packages.



Advertisement of roles

GM jobs posted on internal and external websites will need to make pay information available to candidates as part of the process (including variable pay, benefits and allowances).

EUPTD

What steps can GM be taking independently to be ready for the EUPTD?





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