



Tax implications of changes to working arrangements

Relevant guidance



Introduction

Working arrangements in the NHS have changed as a result of Covid-19 – some staff have moved from offices to working from home, others have returned to work or have started new roles. NHS staff working in hospitals and clinics have been grateful to receive donations of meals and care packages from the grateful public.

This briefing identifies links to HMRC and other guidance that may be useful when considering these arrangements during the pandemic. It does not provide tax advice.

Working from home

HMRC has published *Check which expenses are taxable if your employee works from home due to coronavirus (COVID-19)* that provides guidance in relation to:

- mobile phones and SIM cards
- broadband connection
- laptops, tablets, computers and office supplies

- employer provided loans (for additional information on National Insurance and reporting obligations see [here](#)¹)
- temporary accommodation (additional guidance on travel and subsistence benefits is available [here](#)²)
- using the employee's vehicle for business – see also the guidance on travel and subsistence benefits
- office equipment bought by employees. On 13 May³, a temporary tax exemption and national insurance disregard has been granted in relation to expenditure in relation to home office equipment purchased by an employee and reimbursed an employer as long as it meets these two conditions:
 - that equipment is obtained for the sole purpose of enabling the employee to work from home as a result of Covid-19
 - the provision of the equipment would have been exempt from income tax if it had been provided directly to the employee by or on behalf of the employer

This measure will be in effect from 11 June to 5 April 2021 (the end of the tax year 2020/21) but HMRC will exercise its collection and management discretion and will not collect tax and NICs due on any reimbursed payments made from 16 March 2020 until the regulations take effect on 11 June⁴

- heating and lighting costs. Employees who work from home may be able to claim tax relief for some of their bills⁵. The relief is only available to those employees who are required to work from home, it does not apply when an employee chooses to work from home or who works from home voluntarily. Records need to be kept in order to make this claim. From 6 April 2020, employers can pay employees up to £6 per month (£4 per month for previous tax years) to cover the additional costs of working from home. Records do not need to be kept if this allowance is paid.

For the any of the above to be non-taxable, there needs to be no significant private use – this assessment should be based on the employee's duties and the need for them to have the equipment or services to do their job.

The existing HMRC guidance on homeworking⁶ is still applicable.

Advisory, Conciliation and Arbitration Service (ACAS) has produced information about [working from home](#)⁷ as a result of Covid-19 that covers:

- health and safety
- equipment and technology
- checking how systems are working
- setting clear expectations
- keeping in touch
- pay and terms and conditions of employment
- working from home and childcare
- expenses
- insurance, mortgage or rent agreements.

ACAS also provides guidance⁸ on homeworking in non-Covid-19 times that may be useful.

¹ Gov.uk, [Expenses and benefits: loans provided to employees](#), accessed 3 June 2020

² Gov.uk, [Expenses and benefits: travel and subsistence](#), accessed 3 June 2020

³ House of Commons, [Exemption for coronavirus related reimbursed home office expenses](#), 13 May

⁴ HMRC, [Income Tax and National Insurance contributions: exemption for home-office expenses](#), 22 May 2020

⁵ HMRC, [Claim tax relief for your job expenses](#), accessed 1 June 2020

⁶ HMRC, [Expenses and benefits: homeworking](#), accessed 1 June 2020

⁷ ACAS, [Working from home](#), accessed 3 June 2020

⁸ ACAS, [Homeworking – a guide for employers and employees](#), May 2014

Expenses and benefits received

HMRC has published *How to treat certain expenses and benefits provided to employees during coronavirus (Covid-19)* that discusses the income tax, but not the national insurance contribution, treatment on the following expenses:

- living accommodation – if an employee is working at their permanent workplace, a temporary workplace or is lodging because they cannot return home because of Covid-19
- volunteer fuel and mileage costs
- transport costs
- free or subsidised meals
- company car availability
- salary sacrifice
- employer provided loans.

While social distancing will mean that gatherings are unlikely to take place for a while, the HMRC guidance on social functions and parties remains unchanged⁹.

NHS Employers has also issued guidance¹⁰ on the tax implications of:

- car parking (guidance has also been provided to local authorities on parking passes and concessions for health, care and volunteer workers¹¹)
- nursery places
- access to hotel accommodation
- free meals.

Returning to work in the NHS

In April, HMRC and the NHS Business Services Authority published the following guidance in relation to staff returning to work:

- *Tax avoidance promoters targeting returning NHS workers (Spotlight 54)*
- *Tell HMRC about staff who return to work for NHS trusts and local authorities during the coronavirus (Covid-19)*
- *Coronavirus (Covid-19) guidance and measures.*

Other guidance

Other staff related issues

References to business support measures for employers is available [here](#)¹², including guidance on:

- claiming statutory sick pay
- what to do when an employee has to take time off to look after dependants
- apprenticeships
- guidance for tier 2, 4 and 5 sponsors of those affected by Covid-19.

NHS Employers has a [webpage](#)¹³ specifically for NHS workforce leaders in relation to Covid-19 issues, this includes guidance on [annual leave](#)¹⁴

⁹ HMRC, *Expenses and benefits: social functions and parties*, accessed 1 June 2020

¹⁰ NHS Employers, *Travel, tax and miscellaneous* (question 1 in the tax section), 4 May 2020

¹¹ Ministry of Housing, Communities and Local Government, *Coronavirus (COVID-19): health, care and volunteer workers parking pass and concessions*, 3 April 2020

¹² Gov.uk, *Business support*, accessed 3 June 2020

¹³ NHS Employers, *Covid-19 guidance for NHS workforce leaders*, accessed 3 June 2020

¹⁴ NHS Employers, *Annual leave*, 4 May 2020

On 27 April, the DHSC announced a [new guarantee on death in service benefits for frontline health and care staff during the pandemic](#). The DHSC scheme covers England but the devolved nations would receive funding through the Barnett formula. The follow guidance has been issued:

- in England, the NHS Business Services Authority has issued [guidance](#)¹⁵ and the scope of the scheme was subject to a question in Parliament¹⁶
- in Scotland, [an application form, rules and policy notes](#) have been issued
- in Wales, there has been a [written statement](#) in relation to the scheme.

General guidance for staff is also available for each of the devolved nations:

- [Wales](#)
- [Scotland](#)
- [Northern Ireland](#).

The HFMA's [Covid-19 guidance map](#)¹⁷ includes workforce guidance and is updated weekly.

Useful sites for Covid-19 related announcements

A summary of the rules that have been relaxed or changed as a result of Covid-19 is available [here](#), this includes guidance on the following staff related issues as well as others that are not related to staff:

- annual leave, workers will be allowed to carry over leave into the next 2 years.
- childcare funding – to allow councils to move around government funding for free childcare entitlements to make sure sufficient childcare places are available for vulnerable children and those of critical workers
- gender pay gap reporting deadlines
- hotel accommodation for key workers
- the deferment of new off-payroll working rules (IR35)
- right-to-work checks
- statutory residence test
- VAT changes in relation to PPE purchased by care homes, businesses, charities and individuals to protect against coronavirus will be free from VAT for a three-month period.

NHS Finance Forum

The HFMA and FFF have worked together to develop the NHS Finance Forum, specifically for the finance community to support each other through this challenging period. The Forum currently includes a useful links section and discussion boards covering subjects such as the annual accounts, governance arrangements as well as changes to working arrangements.

Access to the Forum is by invitation/request and is only available to individuals within the finance community who work for the NHS.

If you wish to be part of the Forum, please visit <https://forums.hfma.org.uk/register.php>

Once registered, please visit the 'User Guide' section to find out how to set up your profile and start posting.

¹⁵ NHS Business Services Authority, [NHS and Social Care Coronavirus Life Assurance Scheme 2020](#), accessed 3 June 2020

¹⁶ House of Commons [NHS and Social Care Coronavirus Life Assurance Scheme 2020:Written question - 43050](#), 12 May 2020

¹⁷ HFMA, [Covid-19 guidance map](#), updated 29 May 2020

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

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