

UKPIA Response to Call for Evidence – Hybrid and Remote Working

Office of Tax Simplification

https://www.gov.uk/government/consultations/review-of-hybrid-and-distance-working-call-for-evidence?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=1dc31346-572b-43a3-a163-8dde9ce85bc2&utm_content=daily

General

□ Please provide background information on the size of your business, the sector, the number of employees, and number of countries you currently operate in.

UKPIA represents the interests of the major downstream fuel manufacturers and suppliers which combined are involved in the supply of 85% of the UK's road fuels. The sector as a whole directly employs around 125,000 personnel in the UK (retail ~100,000 and manufacture, supply and logistics ~25,000) with a number of our members having international businesses too.

□ If your answers only relate to certain parts of the business, please provide details of any differences elsewhere. For example, distance working may only be allowed for certain job roles, levels of seniority, or types of contracts. Where distinctions have been made, it would be helpful to understand the reasoning.

□ Please provide details of any trends you are seeing in the areas covered by this review, even if emerging or high level. We would be grateful for any supporting data, and please highlight if the insights are anecdotal.

Employers – employees working in a different country to their employer

□ Please note whether the business you are responding for or about is based overseas or in the UK.

UKPIA's response is written on behalf of its member companies which are mixed both in where they are headquartered and operate although all our members do have some operations in the UK. We have sought to offer an overall snapshot of changing business practices seen in the sector, however, this is principally in regard to UK working arrangements.

What is happening and how have things changed

□ Pre-pandemic: Did the business have employees working across borders before the pandemic that were not on traditional expatriate assignments? If so, please provide details of:

1. numbers (relative to the whole business),

2. types of roles, seniority, or other relevant distinctions for those who did, and why those distinctions were made,
3. details of how the business managed the tax and payroll reporting and other compliance requirements for these employees or officers.

□ During the pandemic: How did the pandemic change this?

1. Did the business have employees working from home in other countries for the first time?

Yes, although only in proportionately small numbers and only in certain roles which tended to be non-operational e.g. finance and some trader functions.

The sector had a 'key worker' designation under COVID rules which meant that operational roles at specific (UK) sites continued as they could not be done remotely e.g. deliveries, engineering, process operators etc.

2. Was this the first time the business had people working in the UK?

No

3. Did the company's business' procedures and policies change?

No

4. Did the pandemic make it harder to keep track of employees' working locations, and did that cause any tax, social security, payroll or other compliance issues?

No, the number of employees working overseas was limited and as it was generally a new arrangement was closely monitored by businesses so was not particularly hard to track. Existing familiarity within companies of traditional cross-border working has meant there have been no particular concerns with compliance issues.

□ Emerging from the pandemic: Where are your employees now working, what are the location arrangements (contractual or casual), and are these trends for short-term working (such as after a holiday), or long-term relocation (such as to where family are located)?

Companies have now reverted in most cases to their same locations of work (in terms of country) as prior to the pandemic.

1. If employees working in different countries to their employer is new to the organisation, how easy has it been to understand the tax, social security, payroll and other implications of this?

2. If the organisation always had employees working in different countries, have any new tax, social security, and payroll compliance issues arisen?
3. Have you had to consider the possibility of new permanent establishments due to the changes in working arrangements?
4. Have there been any impacts on reporting obligations or claiming reliefs and allowances such as overseas workday relief, temporary workplace (detached duty) relief, modified payroll reporting and short-term business visitor reporting?
5. Have there been any impacts on pension and share scheme policies and tax reporting requirements?

Policies and procedures

□ Since the pandemic have you changed your policies and procedures regarding employees working from other countries to where their employer is based? If so:

1. What was your reason for doing so?
2. What are your new policies and procedures?
3. Do you specify certain countries in your policies and if so, what checks did you do when compiling the list of countries?
4. To what extent has your ability to recruit and employees' requests for flexible terms driven changes to policies?

5. Does the policy state who will pay the tax and social security in the other country if any is triggered?
6. Who will pay the travel expenses of the employee?
7. Who will consider any visa or other immigration issues?
8. Are there any restrictions in employees taking equipment overseas and accessing data from overseas locations?
9. How confident are you that you know where your employees are choosing to work? What steps are you taking to monitor the location of your employees? Have you had to implement new procedures/technology to be able to do this or have you been able to do this through existing means?

Looking forwards, do you expect to continue to evolve your approach to overseas working over the coming months?

1. Do you have any plans to constrain overseas working and if so, how?
2. What factors are you expecting might alter your approach?
3. Do the current tax rules allow you to change your approach when there is a business need?

Employers – employees based in the UK working remotely in the UK

What is happening and how have things changed

Pre-pandemic: Where were your employees working – wholly remotely, hybrid, or wholly in the office? How did this vary by seniority, role or other distinctions, and why?

Across our member companies there will have been a wide variation of working arrangements for where employees work due to the wide range of roles undertaken in our businesses – particularly when considering operational / manufacturing roles at refineries, terminals, retail sites that have need for large on-site presence, against the traditional office based roles which are able to offer more flexibility – this is the principal distinction by which flexibilities are determined (rather than seniority etc).

□ During the pandemic: How did the pandemic change this?

The sector had a ‘key worker’ designation under COVID rules which meant that operational roles at specific (UK) sites continued as they could not be done remotely e.g. deliveries, engineering, process operators etc.

However office-based roles were done wholly remotely by default (where possible) in line with government guidance.

1. Did the company’s business’ procedures and policies change?

Yes there were new procedures and policies changed at least temporarily to support large scale working from home

2. What was your policy during the pandemic in terms of claiming working from home allowance? Did you pay it as a business expense to your employees or did they claim it directly from HMRC?

Generally this was claimed directly rather than managed in companies as it did not apply to all (or in some cases even a majority) of employees.

3. What expenses and allowances did you pay directly to employees when they worked from home, or did you provide them with equipment or an allowance to buy equipment?

Some companies provided an allowance for home working equipment although approaches did vary.

4. Did the new arrangements give rise to any tax or payroll reporting issue, for example, in relation to the treatment of expenses and allowances?

n/a

□ Emerging from the pandemic: Where are your employees now working: wholly remotely, hybrid, or wholly in the office? How does this vary by seniority, role or other distinctions, and why?

This will vary by company, however, some have extended the ability to work from home either in terms of options to those who were already eligible or extending it to new populations of their

workforce – the latter is particularly the case to more operational roles which had previously been expected exclusively to work on site but now may have more flexible working practices for some parts of their role (e.g. reporting can be done off-site).

1. Have the new working arrangements given rise to any tax or payroll compliance challenges, including in relation to the treatment of employee expenses?
2. What specific issues have you identified with the interaction between the existing permanent workplace rules and any new hybrid working pattern? Are any changes to the guidance needed to make things clearer?
3. What expenses and allowances are you still paying/equipment you are still providing in relation to working from home? Are you clear on the tax treatment of these?
4. Do individuals still have working from home allowance in their PAYE codes?

Policies and procedures

□ Since the pandemic have you changed your policies and procedures regarding employees working location? If so:

Yes.

1. What was your reason for doing so?

As noted in earlier responses, the pandemic forced some work or groups of workers to work remotely which has been something employees have been keen to see retained. Given difficult expectations on pay with regard to current inflation, making the overall conditions more attractive has also been an influence in extending flexibilities formally in policies and procedures.

2. What are your new policies and procedures?

These vary significantly by our member companies and will not be universally applied but include the following:

- Increase availability of remote working arrangements to more sections of the workforce (including operational roles)
- Increase flexibility of remote and flexible working options – compressed working schedules (e.g. 9 day fortnight, working core hours)

3. To what extent has your ability to recruit and employees' requests for flexible terms driven changes to policies?

4. What steps are you taking to monitor the location of your employees? Have you had to implement new procedures/technology to be able to do this or have you been able to do this through existing means?

Looking forwards, are you likely to continue to evolve your approach to hybrid and distance working over the coming months?

Yes. Companies which may not have already implemented changes to hybrid and distance working as yet have indicated that they are considering changes in future.

1. Do you have any plans to constrain working from a non-office location and if so, how?

2. What factors are you expecting might alter your approach?

3. Do the current tax rules allow you to change your approach when there is a business need?

Self-employed

Have your practices in terms of where you perform your work changed since the pandemic, and if so, how?

Have you seen any new trends in self-employed working since the pandemic?

Have any changes to your working practices given rise to new income tax, social security, or permanent establishment risks or issues? Or have changes in others' practices done so? If so, please explain.

If you are currently working abroad, do your customers/clients prevent you from performing certain activities or taking data overseas?

If you receive work through one or more online platforms (gig workers, for example), or represent those who do, do you consider work through online platforms is more mobile or flexible in terms of location now? Do the platforms or the end customers know where people are working?

Permanent establishment and corporate residence

Has your business had to consider whether the activities of employees or officers might create new permanent establishments in other territories?

1. What happened to make this a consideration
2. Did you consider this a risk or an opportunity, and
3. What actions if any were taken to mitigate or prevent it?

Has your business had to consider whether the location of senior staff might change the corporate tax residence of the company?

1. What happened to make this a consideration
2. Did you consider this a risk or an opportunity, and
3. What actions if any were taken to mitigate or prevent it?