Weekly Bulletin No. 663, Week Commencing Monday 3rd April 2017

1. CUFS Downtime over Easter

As announced previously at the Finance User Group meetings and in separate email communications the CUFS Patching project to apply critical security and application patches to bring CUFS up to date and to address some outstanding issues is nearing conclusion. Work up to date has taken place in the background being invisible to CUFS Users. However there are a couple of key points that you will need to be aware of over the coming weeks:

CUFS will be unavailable to all users between 5pm on Thursday 13th April until the morning on Tuesday 18th April.

Please ensure that where you have scheduled jobs set to run on or after 13th April, that these are cancelled and resubmitted on or after Tuesday 18th April.

**Thursday 13th April @ 5pm - Users will lose access to CUFS**

- All processing must be completed before 5pm
- All reports (scheduled and unscheduled) must be run to complete before 5pm
- Any incomplete transactions/reports outstanding from 5pm will be deleted

A notice will be issued on Tuesday 18th April as soon as access is restored.

Users will be able to access Cognos throughout this period. With effect from Thursday 13th up to and including Tuesday 18th April Cognos will report as at Wednesday 12th April. Normal reporting will resume from Wednesday 19th April (reporting on the prior day activities).

Should you have any queries about this project please contact Jo Hall: Jo.Hall@admin.cam.ac.uk

Issued by Jo Hall - Head of Financial Systems

2. IMPORTANT - HMRC IR35 Off Payroll Worker Legislation comes into effect on Thursday 6th April

As previously notified, from 6th April 2017 new tax legislation is introduced that will apply to payments made to limited companies and partnerships largely controlled by a single individual where they provide services to the University, or Agencies providing such resource to the University.

Currently the Individual or Agency is responsible for determining whether PAYE (Pay As You Earn) and National Insurance are due. From 6th April 2017, under the new IR35 legislation, the responsibility to determine tax status of such individuals will transfer to the University.

If the individual providing the services meets the new HMRC criteria – these will be known by the University as “Off Payroll Workers”.

The University is obliged to identify such suppliers and deduct PAYE and National Insurance from invoiced payments, or require the Agency providing them to do so.

Detailed guidance notes and the new FD3 form can be found [here](#). Where a supplier appears to fall under the criteria identified, an updated FD3 form must be submitted before a purchase order is placed with the supplier to enable the Finance Division to confirm the tax status and invoke correct deductions where appropriate.

The list below details key points you should be aware of for the cutover to these new arrangements:

**Processing invoices received from Off Payroll Workers (OPW)**

Off Payroll Workers (OPW) are paid via the University Payment System using a UPS4 form which can be found [here](#).

All OPW payments are processed by Finance Division Shared Services. The VAT element of the invoice will be recorded on CUFS with any associated purchase orders linked accordingly and VAT reclaims made.
When you receive an invoice from an OPW complete the UPS4 form, attach the approved suppliers invoice and send to Finance Division Shared Services @ Greenwich House.

Please note that the Online Supplier Form used to request new supplier set up on CUFS has been updated to take account of the need to assess suppliers for OPW status. CUFS has also been updated to flag on invoice entry if a supplier has a Tax Clearance Number that indicates it is an OPW to prompt such invoices to be submitted to the Finance Division Shared Services for payment via the University Payment System.

Payment arrangements in advance of Thursday 6th April

The new legislation is enacted from the date a payment is made (not received) rather than the period of services supplied. As a result it is important that all invoices related to services provided up to and including 5th April are processed with sufficient time to ensure they can be paid advance of 6th April.

Additional BACS and Cheque payment runs will be made on Wednesday 5th April for this reason.

Where a supplier will fall under the criteria of Off Payroll Worker from 6th April and their contract is due to finish shortly after 6th April, please contact the Taxation Team on: selfemploymentstatus@admin.cam.ac.uk for advice on how to handle payments owed.

Please note: If an OPW invoice for March services is not paid on or before 5th April, this invoice will be subject to the new regulations and will require PAYE and NIC deductions to be made.

Potential ‘Off Payroll Workers’ (OPW) where no FD3 is in place will be end dated on CUFS at 5th April

An exercise has already been undertaken centrally to identify suppliers who appear to meet the new legislation criteria. Departments using these suppliers were notified with a request to complete a new FD3 (found here).

Any suppliers notified to Departments as possible OPW where an FD3 has not been received will be end-dated on CUFS as at 5th April to ensure an FD3 is prompted before the supplier can be reactivated. This action is taken accepting that it may cause delay in payments due to existing suppliers.

FD3 submission process

An external company has been engaged to support the assessment of suppliers who appear to meet the new legislation criteria. All FD3 received by the Tax Team are being reviewed by this company at present. An exercise is now in progress to start feeding back the findings to Departments with guidance on next steps. If you are currently awaiting responses to FD3 submitted you should receive this within the next week.

Tax Clearance Numbers (TCN)

Currently Tax Clearance Numbers (TCN) are only assigned to self-employed individuals via the old FD3 process. To meet the new legislative requirements the new FD3 process will incorporate an extended use of TCN to include suppliers who have been assessed for OPW status under the new FD3 process.

The convention for the new Tax Clearance Number is the first two letters will denote the status as follows:

1. Self-Employed starts with: TCXXXXXXXX
2. Off-Payroll Worker assessed and confirmed starts with: PWXXXXXXXX
3. Off-Payroll Worker assessed but not applicable starts with: NWXXXXXXXX

HMRC Online Checker

With effect from Friday 10th March HMRC launched an online checking tool to help identify suppliers that meet the new OPW legislation. However, this tool is still under development and subject to query as to the outcomes produced. As a result, the University will continue to rely on the FD3 process to identify OPW.

Departments should be aware that reliance must not be placed on use of the HMRC online tool at this time. Further updates will be provided as further development takes place.

Some Agencies are requesting that the University use the tool instead of following the agreed FD3 process. If you receive such a request you must decline and insist on following the new FD3 process as outlined in the guidance notes found here.

Revised Services Terms

To meet the new requirements outlined revised Services terms (including Professional Services) have been produced and can be found here.

These must be issued to all suppliers, or Agencies providing resources that meet the OPW legislation, to ensure that the University can proceed to deduct the employee and employer element of NI along with PAYE from the invoices submitted.
Failure to obtain agreement to these new terms may mean the Department paying an additional 14.3% for the employer contributions.

**UPS Payment Schedule**

Payments made via UPS are issued on a two weekly published schedule. Suppliers that meet the OPW criteria will move from invoices being paid on CUFS to UPS from 6th April.

Departments will need to make suppliers who meet the OPW criteria aware that payment cycles for these suppliers will fall into line with the UPS fortnightly payment schedule. As a result Departments will also need to ensure they manage the timing of invoice submission to accommodate this schedule whilst still meeting standard payment terms. The UPS payment schedule can be found here.

**Suppliers uplifting fees**

Information received from other organisations and news leading up to the implementation of this new legislation has identified that some suppliers falling under the criteria for OPW are looking to increase their fees to offset the cost of deductions made from their invoices from 6th April.

Where a supplier meeting the OPW criteria has correctly deducted NI and Tax as required under current legislation the cost to the supplier will not change with the new legislation from 6th April. As a result the University is keen to ensure that it is not impacted by unjustified prices increases attributed by suppliers to the introduction of the new legislation.

To help identify this and to justify rejection of such prices increases a University Ready Reckoner is being devised to easily identify the breakdown of deductions that will be made from an OPW invoice. This will be available to Departments shortly.

**Queries**

If you have any queries about this communication, or you are currently negotiating or have already agreed a new contract with an individual where they provide services to the University (or Agencies providing such resource to the University) and need help or guidance on whether they meet the terms of the new tax legislation please contact the Taxation team on: selfemploymentstatus@admin.cam.ac.uk

Issued on behalf of the Off Payroll Worker Working Group

---

**3. On-Cost Changes 2017/18**

Please note there are some increases to payroll on-costs from April 2017:

- Apprenticeship levy introduction - 0.5%
- NHS Employers Pension – 14.38%

The payroll website is currently being updated to reflect the above, as are the HR salary scales with on-costs, which can be found here http://www.hr.admin.cam.ac.uk/pay-benefits/salary-scales.

Issued by Alexis Dicken - Payroll Section

---

**4. Places still available on the AR Part 2 course**

**AR Part 2: Adjustments and set up in Accounts Receivable**

Thu 06 Apr 09:30-12:30

Make corrections to sales invoices and receipts, as well as learn more about foreign currencies and banking procedures. Be guided through month-end requirements and a variety of set-up tasks for your department to ensure that you get the most out of the system.

For more details and to book a place, please go to https://www.training.cam.ac.uk/fin/event/2102027

Issued by Karen Sheldon - Finance Training

---

**5. Monthly Accounting Timetable**

To view the status of the monthly process including the month end close dates please use the following link: Accounting Timetable Bulletin Archive