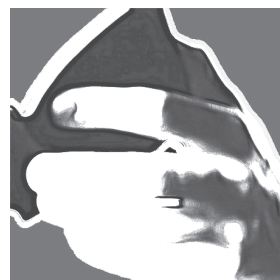
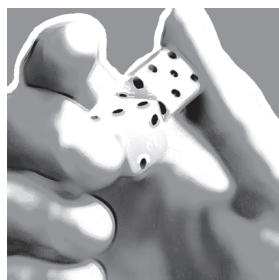


# HONORARIA



QUESTIONS AND ANSWERS FOR BRANCHES

# HONORARIA: QUESTIONS AND ANSWERS FOR BRANCHES

## **Why are honoraria arrangements changing?**

Honoraria are taxable by law. HM Revenue & Customs (HMRC) has instructed UNISON that it can no longer continue its previous arrangements where the branch advised individual officers to declare payments on a self assessment tax return. Non-compliance with the new scheme is not an option. Failure to comply will expose the union to fines and penalties.

HMRC gives more detail about honoraria at [www.hmrc.gov.uk/manuals/nimmanual/nim02205.htm](http://www.hmrc.gov.uk/manuals/nimmanual/nim02205.htm)

## **When does the new scheme start?**

Immediately. It applies to honoraria of all branch officers whose year of office began on or after 1 January 2009.

## **What does this mean for branches?**

If a branch wants to pay honoraria to its officers for 2009 and subsequent years it must adhere to the new scheme as agreed with HMRC.

## **Is there any right of appeal against the HMRC decision?**

No, nor can your branch vary any of the conditions.

## **What do branches have to do?**

Read and understand the scheme and distribute it to all officers so they are aware of the changes.

Each branch will receive a paper or electronic form to enter details of its proposals and the date they were approved by the general meeting. That form will include mailing addresses and bank details for officers.

There will be a dedicated email address. Electronic transmissions should be password protected. If the completed form is to be posted, branches should send it Recorded Signed For given the nature of details.

Full details about filling in the form will be sent with it.

## **What happens after a branch has submitted its form?**

The UNISON Income and Membership Processing Services (IMPS) office in Manchester will process details, make payments and issue officers with P60s (which record the payment and tax deducted).

## **Will officers receive the full amount the branch proposes?**

No. The amount proposed by the branch will be taxed at the basic rate which will be deducted before payment.

## **When will honoraria payments be made?**

Payments can only be processed when all the scheme requirements have been met. Usually the last of these will be approval by a quorate branch general meeting. From January to March, when general meetings are held, the union will make payments weekly.

## **How will payments be made?**

The union will make payments via the banks' automated clearing system (Bacs) directly into the account nominated by the officer on the form issued to branches.

## **How will payments made centrally be recovered?**

UNISON will recover payments made to officers and the tax deducted and paid to HMRC by deducting the overall amount from the branch's funding. The intention is to recover this by eight equal instalments from May to December each year.

## **What if our general meeting is not quorate?**

The branch can refer the proposals to its regional committee which will consider them if the general meeting was inquorate.

### **What about payments branches have made in previous years?**

The agreement between UNISON and HMRC covers any income tax and Class 1 national insurance contributions that were due on any payments declared on branch returns and made for officer posts held in all years up to and including 2008.

### **What if a branch is contacted by its local tax office?**

Many local HMRC offices may well be unaware of this arrangement and may request that branches submit returns to them.

If this happens, please reply: 'All matters concerning honoraria are to be dealt with by UNISON head office in conjunction with HMRC Local Compliance, Individuals & Public Bodies, Weardale House, Washington NE37 1LW – reference PBG/EC/905/U387/MWB.'

### **What if my branch wants to return details to its local tax office?**

The only way the union can be certain that all payments have had tax deducted is in the way prescribed. UNISON's agreement with HMRC is to return this centrally. Therefore branches must adhere to the scheme and must not return details to local tax offices.

### **What does my branch need to do if it currently provides for honoraria in its accounts?**

Some branches will have provided for honoraria in their accounts (a creditor provision). Any creditor provision made in 2008 accounts should have been paid in 2009. Therefore any under- or over-provision will be dealt with in 2009 and no further provisions will be necessary at branch level.

### **What if my branch makes honoraria payments outside the new scheme, eg in advance?**

Most branches should move seamlessly from current to new arrangements if they followed the previously-issued NEC scheme.

Branches must immediately cease to make payments in advance – whether monthly, quarterly, half-yearly or annually – and bring payments into line with the new scheme.

If your branch has made honoraria payments to members in advance for 2009 these should be included in the form that will be issued to branches. No advance payments can be made for 2010. Any proposals for honoraria for 2010 must be taken to the branch general meeting in 2011.

### **Should the branch include payments to branch auditors?**

Yes, but not if an external firm of accountants is engaged.

### **Why can I not continue to declare honoraria on my self assessment?**

The scheme is the only way UNISON can be certain that all payments made to all officers have been declared and the correct tax applied and paid to HMRC.

Please also read the next answer.

### **What should I do if I receive a self assessment form?**

It has always been an individual officer's responsibility to disclose honoraria payments to HMRC. UNISON has now agreed with HMRC to deal with all honoraria tax matters and make the necessary returns. If you already complete a self assessment tax return you should enter details of the honoraria payment and tax paid on a separate Employment Page. Do not send in your P60, but keep it in case HMRC asks to see it.

### **What if I am a higher rate taxpayer or I am not liable to tax?**

If you do not normally complete a tax return, you should only request a form if:

- you are liable to tax at the higher rate, as tax is only deducted from your payment at the basic rate; or
- you think you are not liable to tax and wish to reclaim overpaid tax.

You can now register for self assessment by following the Register for Self Assessment Online link at: [www.hmrc.gov.uk/sa/file-online.htm](http://www.hmrc.gov.uk/sa/file-online.htm).