EXPLANATORY MEMORANDUM TO

EDUCATION (STUDENT LOANS) (REPAYMENT) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2013

SR 2013 No. 68

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Employment and Learning ("the Department") to accompany SR 2013 No. XXX which is laid before the Northern Ireland Assembly.

1.2 The statutory rule is made under Articles 3(2) to (5) and 8(4) of the Education (Student Support) (Northern Ireland) Order 1998 and is subject to the negative resolution procedure.

1.3 The rule will come into operation on 6 April 2013.

2. Purpose

2.1 This rule is to amend the Education (Student Loans) (Repayment) Regulations (Northern Ireland) 2009, S.R. 2009 No. 128 ("the principal Regulations"). They make further changes for Real Time Information (RTI) for paper filers and penalties for employers who make errors or fail to file returns. There are also other changes, including a new penalty regime for dishonest tax agents and modification of the reporting arrangements for certain benefits and expenses.

2.2 These amendments are required to reflect new UK wide tax legislation and are being introduced across all taxes administered by HMRC. These amendments must, therefore, be in place for the start of the new tax year.

3. Background

3.1 The principal Regulations provide for the statutory framework for the collection and repayment system for income-contingent repayment (ICR) student loans. For most borrowers, repayment is through the tax system, involving employers and Her Majesty's Revenue and Customs (HMRC). Loan accounts are administered by the Student Loans Company (SLC), which receives information from HMRC about repayments made through the tax system. Borrowers who move overseas pay directly to the SLC; and any borrower may make additional repayments directly to the SLC.

3.2 The amending Regulations, which are **technical** in nature, refer to a change in pay as you earn (PAYE). From 6 April 2013 employers will have to start reporting PAYE information to HM Revenue and Customs (HMRC) in real time information (RTI). Currently if you are an employer operating PAYE you must submit an end of year return to HMRC. In future each time you pay an employee you must submit details about

employee pay and deduction to HMRC. Therefore, each time an employer pays an employee they will include deductions including, income tax and national insurance contributions, and starter and leaver dates if applicable to HMRC.

Student loans are only collected when an employee's income reaches £16,365 or over for Northern Ireland domiciled students (a/y 2013/14). **There is no change to the way student loan deductions are calculated.** Employers will continue to send payments of student loan deductions to HMRC each month. However, one of the aims of RTI is to integrate PAYE reporting with payroll. Student loan deductions are part of payroll and part of PAYE reporting. Keeping them separate would be an additional burden for employers. Therefore, the HMRC will consider the opportunity in the future to use RTI to improve the student loan process.

4. Consultation

4.1 There is no statutory requirement to consult on these Regulations as they bring into effect provisions relating to primary legislation for which appropriate consultation has already taken place.

5. Equality Impact Assessment

5.1 A preliminary Equality Impact Assessment has not been carried out as it is the Department's view these are technical amendments and no additional screening is required.

6. Regulatory Impact Assessment

6.1 A Regulatory Impact Assessment has not been prepared for this Rule as it does not place an additional burden on business, charities or voluntary bodies.

7. Financial Implications

7.1 The actual costs of implementing this rule have no financial impact on the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1 Departmental Solicitor's Office has confirmed that the making of this rule complies with Section 24 of the NI Act.

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measures

10.1 This rule has the same territorial extent and application as the provisions it amends in the Education (Student Loans) (Repayment) Regulations 2009. Those Regulations extend to England and Wales but they also extend to all of the United Kingdom in so far as it imposes any obligation or confers any power on HMRC, an

employer or a borrower in relation to repayments under Parts 3 or 4 of the Education (Student Loans) (Repayment) Regulations 2009.

11. Additional Information

11.1 Not applicable.

12. Contact

12.1 John Neill at the Department for Employment and Learning, Tel: 028 90 257712 or email: john.neill@delni.gov.uk can answer any queries regarding this Rule.