

Electronic Payments to HMRC (England and Wales)

Local councils are reminded of the requirement that payments of PAYE/NIC and VAT to HMRC must be made electronically.

HMRC's view is that, irrespective of the inconvenience, anyone (including local councils) can take a signed cheque (or signed letter of instruction) to their bank in order to have the bank make an electronic CHAPS or BACS payment on their behalf, even if this triggers a bank charge. HMRC's insistence for electronic payments does not require councils to ignore the current statutory requirements of s.150(5) of the Local Government Act 1972 ('the 1972 Act'), or their financial regulations.

When the LRO is made, which will repeal s.150(5) of the 1972 Act, larger councils may implement proper internal financial controls for electronic payments to be made by staff, but smaller councils may choose to retain a requirement for two councillors' signature in order to demonstrate "robust and effective controls over expenditure and payment systems". This briefing applies equally to England and Wales.

This briefing was issued by Derek Kemp, NALC's Audit and Accounts Advisor

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