Guidance on ... handling staff leaving and retirement events in uBASE

This note provides guidance on the financial management of one-off staff events to mark the occasion of a member of staff leaving, or retiring from, the University. This note does NOT cover one-off events, for example to mark major contract awards, OR annual, all staff events such as Christmas parties, summer barbeques, and other similar annual departmental events. Guidance on annual staff events is available here.

What to consider

The first consideration is whether catering for your event will be provided by the University Accommodation and Campus Services. If you wish to use an external supplier for leaving or retirement events, then a taxable benefit in kind may be chargeable on the staff attending (see point 2 on this section). You must contact the Tax Section for advice BEFORE the event is booked and any monies exchanged.

The second thing to think about is whether or not your Department will pay for the full cost of the event, or if you will be asking members of staff to contribute to the cost.

Staff leaving and retirement events are covered by:

1. University Financial Regulations, which state that:
   
   i. Heads of Department, at their discretion, may pay for refreshments for presentation ceremonies which are held to mark the retirement or departure of individual staff in their Department, provided that:
      
      - The cost per head (to the University) must be no more than £15.00.
      - The total cost of the event can be met from within the Department’s budget.
      - The catering for the event is provided by the University Accommodation and Campus Services.
      - The event is expected to be attended exclusively by University staff*.
      
      * If required, partners and/or family members, and/or former close colleagues of the leaver or retiree, may attend the event without breaching the regulations; provided that the ratio stated in the Financial Regulations of at least six members of University staff attending the event for every one guest (6:1) is maintained. If you are unable to meet this ratio then you must contact the Tax Section for advice before inviting guests to the event.

   ii. Flowers and gifts for members of staff leaving or retiring from the University should NOT be purchased from University funds. The only exceptions should be long service awards
(meeting HMRC rules) and flowers or charitable donations in respect of the funeral of a (former) member of staff.

2. HM Revenue and Customs (HMRC):

There are no specific HMRC regulations on retirement and leaving events. However, under general HMRC rules no taxable benefit in kind will be charged on staff attending these events if the conditions set out in the Financial Regulations (above) are met. The University financial regulations follow the HMRC rules on organising such events. Meeting the regulations will avoid a taxable benefit in kind being charged on members of staff attending the event.

**TO MEET THE CONDITIONS SET BY HMRC THE UNIVERSITY MUST PROVIDE THE CATERING FOR THE EVENT**

If you do not meet this condition, and you wish to use an external supplier, then a taxable benefit in kind may be chargeable on the staff attending. You must contact the [Tax Section](#) for advice BEFORE the event is booked and any monies exchanged so that you can properly budget for the full cost of the event, which may include the income tax and NIC liabilities if the department wishes to meet this cost on behalf of its staff.

**How to pay for, and record your celebration event in uBASE**

If you are NOT requesting a contribution from staff all of the purchases for the event itself should simply be charged to the Departmental Cost Centre which is funding the event. If you are only charging a very nominal staff contribution (eg £1 for £25 per head cost) please contact the [Tax Team](#) to discuss the implications.

However, if you are requesting staff contributions to the cost of the event, irrespective of the supplier, then you must contact the Assistant Finance Manager for your [Academic Department](#) or [Professional Services Department](#) to request a new ’X project account’.

1) **For costs and income for an event (Accommodation and Campus Services provide the catering)**

   a) If the Department is paying for the event. The costs of the event on an internal trade requisition are charged to the Departmental Cost Centre from which the department’s financial contribution to the event is being made.

   - The cost (debit) appears as a charge to the Cost Centre
   - There is no VAT on this transaction (use VAT code XA)

   b) If you are asking staff to make a contribution then this is classed as income to the University, because it has supplied a service of catering to the employee, and this income is subject to VAT (use VAT code Z1).

   - The cash receipts should be credited to a new ’X project account’ set up for this purpose
   - The ’X project account’ is credited with the net amount of the income (after VAT has been deducted)
c) When the event is complete your Finance Manager will arrange for the necessary transfers between the Cost Centre and the ‘X project account’ before closing the ‘X project account’ down. This will leave a nil balance on the Project Code and the net cost of the event (after any staff contributions if received) remains charged against the relevant Cost Centre.

2) For costs and income for an event (External supplier providing the catering)

a) You must contact the Tax Section for advice BEFORE the event is booked and any monies exchanged so that you can properly budget for the full cost of the event, which may include the income tax and NIC liabilities if the department wishes to meet this cost on behalf of its staff.

Useful links for additional guidance

Full VAT coding advice can be found on the VAT web pages including the A-Z of VAT queries and which codes to use. VAT and Tax Exemption issues – contact the Tax Team.

Project accounts and cost centres – contact the Assistant Finance Manager for your Academic Department or Professional Services Department.

Guidance on paying in income.

Collections for staff leaving, or retiring from, the University

University funds must NOT be used to contribute to a collection or any form of gift (including flowers, food or alcohol) for a member of staff leaving the University.

From January 2019 onwards it will no longer be possible to arrange collections for a member of staff who is leaving, or retiring from, the University via a “suspense account”. The decision to remove this option was taken in light of the disproportionate amount of administrative time that was being absorbed in managing lower values of funds in this way.

Departments are advised that personal retirement or leaving collections must now be administered outside of the University's accounts and no payments to be made into such a collection can be payable to The University of Sheffield. Nor can any funds held in any University account be used to purchase a leaving/retirement gift.

Departments must make suitable alternative arrangements in relation to banking or storing contributions to a leaving/retirement collection. Please note that University Insurance cover may not apply to sums that are not University funds/income and that are held in, for example, a desk drawer.