

National Minimum Wage (NMW) rates

Hourly rates effective from 1 October each year

Category	From October 2012	From October 2011
Main rate (workers aged 21 and over)	£6.19	£6.08
Aged 18-20	£4.98	£4.98
Aged 16-17	£3.68	£3.68
Apprentice*	£2.65	£2.60

* The apprentice rate was introduced on 1 October 2010 and applies to apprentices under 19 or over and in the first year of apprenticeship.
Individuals of compulsory school age are not entitled to the NMW.

Tax Codes

Code	Use
BR	When all income is taxed at the basic rate – currently 20%.
OT	When all income is taxed at the appropriate rate without the benefit of a personal allowance. Commonly used for a second job or where there is no P45 or P46.
D0	When all income is taxed at the higher rate of tax – currently 40%. Commonly used for a second job or pension.
D1	When all income is taxed at the additional rate of tax – currently 50%. Commonly used for a second job or pension.
NT	When no tax is to be taken from income or pension.
L	For those eligible for the basic personal allowance and for emergency tax codes.
P	When a person is aged 65 – 74 and eligible for the full personal allowance.
Y	When a person is aged 75 or over and eligible for the full personal allowance.
T	If there are items HMRC need to review in a tax code.
K	When total allowances are less than total 'deductions'.

Key monthly PAYE deadlines

19	PAYE/NIC/CIS and student loan deductions due for the month ended on 5 of this month, when paying by cheque.
19	CIS300 (CIS monthly return) due for the month ended on 5 and statements of deductions to be given to subcontractors.
22	PAYE/NIC/CIS and student loan deductions due for the month ended on 5 of this month, when paying electronically.

Key annual PAYE deadlines

19 May	Forms P14 and P35 due to HMRC for the year ended on 5 April.
31 May	Forms P60 due to employees for the year ended on 5 April.
6 July	Forms P11D, P9D and P11D(b) for the year ended on 5 April due to HMRC and copies to employees concerned.
19 July	Class 1A NIC due for the year ended on 5 April (P11Ds) (or 22 July if paying electronically).
19 October	Class 1B NIC due for the year ended on 5 April (PSAs) (or 22 October if paying electronically).

If payment date falls on a weekend or bank holiday, payment must be received by the previous bank working day, unless paying by Faster Payment Service.

Hazlewoods Payroll

Geared to meet your needs

Hazlewoods Payroll sets you free to focus on your business. Headed by a senior partner, our Payroll team ensures that your company obeys the rules and your employees are paid the right amount, on time.

How do we work? We combine our years of experience and specialist knowledge with the latest technology and a flexible approach designed to suit your needs. From simple online communications with the tax authorities to the latest 'green' e-payslips, we work alongside you to deliver the best combination of services at the right time. In the back office too, the reports we provide will delight your accounts team and help you to manage costs.

What next? To arrange an informal discussion of your needs, or to request details of our competitive fees, please contact the team on 01452 634800 or email payroll@hazlewoods.co.uk

hazlewoods.co.uk

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Payroll Facts

Employers PAYE Guide

Geared to meet your needs



2012/13

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The data in this card is based on releases from HM Treasury and HMRC and is subject to change in the Finance Bill.

Income tax

Personal allowances	2012/13	2011/12
Personal allowance (age under 65)*	£8,105	£7,475
Personal allowance (age 65-74)**	£10,500	£9,940
Personal allowance (age 75+)**	£10,660	£10,090
Married couple's allowance (age 75+)** #	£7,705	£7,295
Blind person's allowance	£2,100	£1,980

* Personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil. The personal allowance will increase to £9,205 from 2013/14.

** Age related allowances are restricted by £1 for every £2 of income over £25,400 (£24,000 for 2011/12). Age related personal allowance can be reduced below the basic personal allowance where the income is above £100,000. Personal allowances are reduced before married couple's allowance. From 2013/14 the age related personal allowances will be frozen at the 2012/13 levels until they align with the personal allowance.

Married couple's allowance is reduced to a minimum of £2,960 (£2,800 for 2011/12). Married couple's allowance is given at the rate of 10%.

Rates	Taxable income	Income tax rate	Dividend rate
2012/13	Starting savings rate*	£0 – £2,710	10%
	Basic rate	£0 – £34,370	20%
	Higher rate	£34,371 – £150,000	40%
	Additional rate**	> £150,000	50%
2011/12	Starting savings rate*	£0 – £2,560	10%
	Basic rate	£0 – £35,000	20%
	Higher rate	£35,001 – £150,000	40%
	Additional rate	> £150,000	50%

* The starting savings rate only applies to savings income. If an individual's taxable non-savings income is above the starting rate limit, the 10% starting rate will not apply.

** From 2013/14 the additional rate will reduce from 50% to 45%.

Approved mileage rates

HMRC approved 'tax-free' business mileage rates for employees using their own cars and vans:

45p per mile for the first 10,000 miles and 25p for additional mileage above that limit.

Employers can also pay up to 5p per mile for each employee who travels as a passenger on a business journey.

HMRC's approved 'tax-free' business mileage rates for employees using company cars are reviewed quarterly, with any changes taking effect from 1 March, 1 June, 1 September and 1 December. The rates are the maximum amount that can be paid without a charge to tax and NIC for business miles. If an employee receives less than these rates then they can claim tax relief on the difference.

The current rates can be found at: www.hmrc.gov.uk/cars/advisory_fuel_current.htm.

Childcare vouchers

Employers can give employees childcare vouchers worth up to £55 a week free of tax and NIC, subject to certain conditions.

For employees who joined a scheme on or after 6 April 2011, the amount of tax they can save will be limited to the equivalent of the basic rate tax.

National Insurance Contributions

	2012/13	2011/12
Class I - Employers and Employees		
Lower earnings limit (LEL) per week	£107	£102
Primary threshold per week (employee)	£146	£139
Secondary threshold per week (employer)	£144	£136
Upper accrual point (UAP) per week	£770	£770
Upper earnings limit (UEL) per week	£817	£817

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employers and employees NICs are payable until earnings exceed the threshold of £144 per week (£136 for 2011/12).

Contributions above the UAP do not qualify for the second state pension or for contracting out.

Class I - Employers	- Rate above threshold (no upper limit)	13.8%	13.8%
Class I - Employees	- Rate above primary threshold, and below UEL	12%	12%
	- Rate above UEL	2%	2%
	- Contracted out* between LEL and UAP	10.6%	10.4%
	- Contracted out UAP to UEL	12%	12%
Class 1A (Taxable benefits)	- Contracted out over UEL	2%	2%
	- Married women and widows rate above threshold, below UEL	5.85%	5.85%
	- Married women and widows rate above UEL	2%	2%
	Class 1B (PAYE Settlement Agreement)		13.8%
Class 2 (Self-employed)	- Small earnings exception	£5,595	£5,315
	- Flat rate per week	£2.65	£2.50
Class 3 (Voluntary)	- Flat rate per week	£13.25	£12.60
Class 4 (Self-employed)	- Lower limit	£7,605	£7,225
	- Upper limit	£42,475	£42,475
	- Rate between limits	9%	9%
	- Rate above upper limit	2%	2%

* Contracted out money purchase rate abolished from 6 April 2012. Contracted out salary related rate still in use.

For further information please contact our Payroll team on 01452 634800 or payroll@hazlewoods.co.uk [hazlewoods.co.uk](http://www.hazlewoods.co.uk)



Statutory payments

	2012/13	2011/12
Statutory Sick Pay (SSP)	£85.85	£81.60
Statutory Maternity Pay (SMP)*	**£135.45	**£128.73
Statutory Adoption Pay (SAP)	**£135.45	**£128.73
Ordinary Statutory Paternity Pay (OSPP)	**£135.45	**£128.73
Additional Statutory Paternity Pay (ASPP)	**£135.45	**£128.73

* First six weeks 90% of weekly earnings

** or 90% of weekly earnings if lower

Payments recoverable from HMRC

SSP

Under the Percentage Threshold Scheme, where the total SSP paid in a tax month exceeds 13% of the total employee and employer Class I NICs liability for the month, the excess can be recovered from HMRC.

SMP, SAP, OSPP and ASPP

Employers can recover 92% of SMP, SAP, OSPP and ASPP paid.

Employers whose total class I NICs for the previous year are £45,000 or less can recover 103%.

Statutory Redundancy

Ages	Number of weeks' pay
Each complete year of service between 18 and 21	1/2
Each complete year of service between 22 and 40	1
Each complete year of service between 41 and above	1 1/2

Service of longer than 20 years is not counted.

A 'week's pay' is the amount due under the person's employment contract on the date that the minimum notice of termination of employment was or should have been given.

The maximum week's pay that an employee is entitled to under the statutory scheme is £430 (from 1 February 2012). The increase of the limit on a week's pay will apply where the relevant date (including the projected date for redundancy payment purposes) falls on or after 1 February 2012 and before 1 February 2013.

State Retirement Pensions

Basic weekly rates	2012/13	2011/12
Single person	£107.45	£102.15
Married couple	£171.85	£163.35

Student loan recovery

Rate or threshold	2012/13	2011/12
Employee earnings threshold at which repayment of student loans begin	£15,795.00 per year £1,316.25 per month £303.75 per week	£15,000.00 per year £1,250.00 per month £288.46 per week

Rate of student loan deduction 9% 9%

Each pay period is treated in isolation, there are no carried forward debits or credits.