



# Payroll Facts

PAYE GUIDE FOR EMPLOYERS

2018 / 2019

## SOLVING THE PAYROLL PUZZLE

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# TAX

<b>Tax rates (rUK)</b>	<b>2018/19 Taxable Income</b>	<b>2017/18 Taxable Income</b>
20% basic rate	up to £34,500	up to £33,500
40% higher rate	£34,501 - £150,000	£33,501 - £150,000
45% additional rate	over £150,000	over £150,000

<b>Scottish tax rates (SRIT)</b>	<b>2018/19 Taxable Income</b>	<b>2017/18 Taxable Income</b>
19% starter rate	up to £2,000	-
20% basic rate	£2,001 - £12,150	up to £31,500
21% intermediate rate	£12,151 - 31,580	-
41% higher rate (previously 40%)	£31,581 - £150,000	£43,001 - £150,000
46% top rate (previously 45% additional rate)	over £150,000	over £150,000

<b>Personal allowances</b>	<b>2018/19</b>	<b>2017/18</b>
Personal allowance*	£11,850	£11,500
Blind person's allowance	£2,390	£2,320
Marriage allowance**	£1,185	£1,150
Married couple's allowance for those born before 6 April 1935		
Minimum	£8,695	£8,445
Maximum	£3,360	£3,260

\* Personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil.

\*\* Spouses or civil partners who are both basic rate taxpayers can elect to transfer 10% of their personal allowance between them

# TAX

<b>Pension allowances</b>	<b>2018/19</b>	<b>2017/18</b>
Annual allowance	£40,000	£40,000
Lifetime allowance	£1,030,000	£1,000,000

## Student loan recovery threshold

An employee commences repayment of their Student Loan at 9% of their earnings which are subject to National Insurance Contributions (NICs) and exceed:

<b>Plan 1 – Students who took out their loan before 1 September 2012</b>		<b>Plan 2 – Students who took out their loan on or after 1 September 2012</b>	
per annum	£18,330	per annum	£25,000
per month	£1,527.50	per month	£2,083.33
per week	£352.50	per week	£480.77

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

Irish and Scottish students were not subject to the 2012 change and will remain on plan 1.

# NATIONAL INSURANCE

## National Insurance Contributions

Class 1 - Employers and Employees	Weekly	Fortnightly	Four weekly	Monthly	Annual
Lower Earnings Limit (LEL)	£116	£232	£464	£503	£6,032
Primary Threshold (PT)	£162	£324	£648	£702	£8,424
Secondary Threshold (ST)	£162	£324	£648	£702	£8,424
Apprentice Upper Secondary Threshold (AUST)	£892	£1,783	£3,566	£3,863	£46,350
Upper Secondary Threshold (UST)	£892	£1,783	£3,566	£3,863	£46,350
Upper earnings limit (UEL)	£892	£1,783	£3,566	£3,863	£46,350

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employer's or employee's NICs are payable until earnings exceed the threshold of £162 per week.

## NATIONAL INSURANCE

National Insurance rates		2018/19	2017/18
Class 1 – Employers*	LEL - ST	0%	0%
	Rate above ST (no upper limit)	13.8%	13.8%
Class 1 – Employees	LEL - PT	0%	0%
	Rate between primary threshold PT and UEL	12%	12%
	Rate above UEL	2.0%	2.0%
	Married women and widows rate above threshold, below UEL**	5.85%	5.85%
	Deferred rate	2%	2%
Class 1A (Taxable benefits)		13.8%	13.8%
Class 1B (PAYE Settlement Agreement)		13.8%	13.8%
Class 2 (Self-employed)***	Small earnings exception	£6,205	£6,025
	Flat rate per week	£2.95	£2.85
Class 3 (Voluntary)	Flat rate per week	£14.65	£14.25
Class 4 (Self-employed)	Lower limit	£8,424	£8,164
	Upper limit	£46,350	£45,000
	Rate between limits	9%	9%
	Rate above upper limit	2%	2%
Employment allowance		£3,000	£3,000

\* For apprentices under 25, the AUST was introduced in 2016/17, aligned with the UEL. The employer does not pay NICs on earnings between the ST and the UEL.

\*\* Only for women opting in before 1977.

\*\*\* To be abolished from April 2019.

## STATUTORY PAYMENTS

Statutory payments	2018/19	2017/18
Qualifying Earnings Level	£116	£113
Statutory Sick Pay (SSP)	£92.05	£89.35
Statutory Maternity Pay (SMP)*	£145.18	£140.98
Statutory Paternity Pay (SPP)**	£145.18	£140.98
Statutory Adoption Pay (SAP)*	£145.18	£140.98
Statutory Shared Parental Pay (ShPP)***	£145.18	£140.98

\* First six weeks at 90% of Average Weekly Earnings (AWE) then 33 weeks at 90% of AWE or £145.18 whichever is lower.

\*\* One or two weeks at 90% of AWE or £145.18 whichever is lower.

\*\*\* Weekly rate at 90% of AWE or £145.18 whichever is lower.

### Recoverable amount from HMRC – SMP, SPP, SAP and ShPP

92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year, or 103% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower.

### Statutory redundancy

The maximum week's pay that an employee can receive under the statutory scheme is £508 (from 6 April 2018).

Ages	Number of weeks' pay
Each complete year of service between 18 and 21	½
Each complete year of service between 22 and 40	1
Each complete year of service over 41	1 ½

Service exceeding 20 years is not counted.

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

## CAR AND FUEL RATES

### Company cars and mileage

The car benefit is calculated by multiplying the list price of the car when new (not the purchase price) by a percentage that is dependent on the level of approved CO<sub>2</sub> emissions of the car.

CO <sub>2</sub> emissions in g/km	% of car's list price to be taxed 2018/19	% of car's list price to be taxed 2017/18	CO <sub>2</sub> emissions in g/km	% of car's list price to be taxed 2018/19	% of car's list price to be taxed 2017/18
0-50	13	9	140-144	29	27
51-75	16	13	145-149	30	28
76-94	19	17	150-154	31	29
95-99	20	18	155-159	32	30
100-104	21	19	160-164	33	31
105-109	22	20	165-169	34	32
110-114	23	21	170-174	35	33
115-119	24	22	175-179	36	34
120-124	25	23	180-184	37	35
125-129	26	24	185-189	37	36
130-134	27	25	190 and above	37	37
135-139	28	26			

From 6 April 2018 drivers must add 4% to their appropriate percentage if the car is propelled solely by diesel (up to a maximum of 37%). Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the diesel supplement.



## Fuel benefit

For 2018/19 the benefit is £23,400 (£22,600 2017/18) multiplied by the relevant percentage as shown above (plus 4% diesel supplement where applicable but capped at 37%).

Company vans and fuel	2018/19	2017/18
Van benefit	£3,350	£3,230
Fuel benefit	£633	£610

## HMRC's Advisory Fuel Rates (AFR)

From 1 March 2018	Petrol	LPG	Diesel
1400cc or less	11p	7p	1600cc or less 9p
1401cc to 2000cc	14p	8p	1601cc to 2000cc 11p
Over 2000cc	22p	13p	Over 2000cc 13p

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.

For further information and current rates employers are advised to check the following website: [www.hmrc.gov.uk/cars/advisory\\_fuel\\_current.htm](http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm)

## Approved mileage rates – for employees using their own vehicle

First 10,000 miles for tax purposes	45p
Over 10,000 miles for tax purposes	25p
For NIC purposes – regardless of mileage	45p
Bicycle rate – regardless of mileage	20p
Motorcycle rate – regardless of mileage	24p
Passenger rate – regardless of mileage	5p

# USEFUL INFORMATION

## National Minimum Wage (NMW) and National Living Wage (NLW)

NMW	2018/19	2017/18
Under 18s	£4.20	£4.05
Workers between 18-20	£5.90	£5.60
Workers between 21-24	£7.38	£7.05
Apprentice*	£3.70	£3.50
NLW		
Workers aged 25 and over	£7.83	£7.50

\* Apprentices are entitled to apprentice rate if they are aged under 19 or are aged over 19 and in the first year of their apprenticeship.

## Tax codes

Code	What it means	Code	What it means
L	You're entitled to the standard tax-free personal allowance.	T	If there are items HMRC need to review in your tax code.
M	Marriage allowance: you've received a transfer of 10% of your partner's personal allowance.	K	Your total allowances are less than total 'deductions'.
N	Marriage allowance: you've transferred 10% of your personal allowance to your partner.	BR	All your income is taxed at the basic rate – currently 20%.
OT	Your personal allowance has been used up, or you've started a new job and don't have a form P45, or you didn't give your new employer the details they need to give you a tax code.	DO	All income is taxed at the higher rate of tax – currently 40%.
S	Your income or pension is taxed at the Scottish rate of Income Tax.	D1	All income is taxed at the highest rate of tax – currently 45%.
		NT	When no tax is to be taken from your income or pension.
		SDO	Scottish intermediate rate - currently 21%
		SD1	Scottish higher rate - currently 41%
		SD2	Scottish top rate - currently 46%

## Childcare vouchers

Tax rate	Maximum voucher value per week	Maximum voucher value per month
Basic rate tax payer – 20%	£55	£243
Higher rate tax payer – 40%	£28	£124
Additional rate tax payer – 45%	£25	£110

The government introduced the Tax-Free Childcare Scheme (TFC) in 2017. As a result, childcare vouchers schemes were due to close to new entrants from April 2018, this has been delayed by 6 months – date to be confirmed.

Employees who joined a childcare voucher scheme on or before 5 April 2011 can receive vouchers worth up to £55 a week free of tax regardless of their tax rate.

## Key payroll dates

### Annual

**6th April:** New tax bands are effective

**19th April:** Year-end processing to be completed

**31st May:** Issue of P60s to all eligible employees

**6th July:** Return of forms P11D/P11D(b) to HM Revenue & Customs

**19th July (22nd for electronic payments):** Remittance deadline of Class 1A NICs (P11Ds)

**19th October (22nd for electronic payments):** Remittance deadline of Tax and Class 1B NICs (PSAs)

### Monthly

**On or before each pay date**

Full Payment Summary (FPS) submission due to HMRC

**19th of each month (22nd for electronic payments)**

Remittance deadline of PAYE, NICs and CIS to HMRC

**19th of the following tax month**

Employer Payment Summary (EPS) submission due to HMRC to apply a reduction for any statutory payments made or to advise of NIL PAYE liability



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