

Payroll Update

DRIVING LIFELONG PROSPERITY

Spring 2019

WHAT IS NEW IN PAYROLL FOR 2019/20

NATIONAL MINIMUM WAGE (NMW) AND NATIONAL LIVING WAGE (NLW)

The NMW/NLW will increase from April 2019 to the following rates:

Category	From April 2019	From October 2018
NLW workers aged 25 and over	£8.21	£7.83
NMW workers aged 21 to 24	£7.70	£7.38
NMW workers aged 18 to 20	£6.15	£5.90
NMW workers aged 16 to 17	£4.35	£4.20
Apprentice*	£3.90	£3.70

* Apprentices age 16 to 18 and those aged 19 or over and in the first year of apprenticeship.

TAX ALLOWANCES 2019/20

The personal allowance will increase to £12,500 effective April 2019. This threshold will remain in place for the 2020/21 tax year and will rise in line with consumer price index (CPI) after that.

Tax rates (rUK and Wales)	2019/20 Taxable income	2018/19 Taxable income
20% basic rate	Up to £37,500	Up to £34,500
40% higher rate	£37,501 - £150,000	£34,501 - £150,000
45% additional rate	Over £150,000	Over £150,000

Scottish tax rates (SRIT)	2019/20 Taxable income	2018/19 Taxable income
19% starter rate	Up to £2,049	Up to £2,000
20% basic rate	£2,050 - £12,444	£2,001 - £12,150
21% intermediate rate	£12,445 - £30,930	£12,151 - £31,580
41% higher rate	£30,931 - £150,000	£31,581 - £150,000
46% top rate	Over £150,000	Over £150,000

For a full breakdown of the new allowances and rates, please refer to our Payroll Facts 2019/2020 booklet.

WELSH INCOME TAX (WIT)

Following the introduction of the Scottish rate of income tax a few years ago, the Welsh rate of income tax is being introduced from April 2019. For 2019/20 the rates will be the same as the rest of the UK. Any person who is deemed by HMRC to be a Welsh rate taxpayer will have a new tax code prefixed with C. The classification is dependent on residence address. This is a good opportunity to make sure your employees' details are up to date on our records.

PAYSLIP CHANGES

From April 2019, it will be compulsory to show the number of hours being paid this period, for those employees who are paid according to 'time worked'. These hours can be shown either as:

- a single aggregate figure; or
- separate figures for different types of work or different rates of pay.

This will increase transparency for employees who work varied hours and whose pay changes accordingly. It will also make it easier to check that minimum pay requirements have been met.

If this changes the way you submit your payroll data to us, please get in touch and we will adjust the data collection sheets accordingly.

PENSION CONTRIBUTIONS

From 6 April 2019, the final planned increase in pension contributions comes into effect:

Note that different rates apply if your scheme does not follow the statutory basis (self-certification).

The new rates will be applied from the next pay reference period.

Earnings basis	Employer minimum contribution	Staff contribution	Total minimum contribution
Statutory scheme	3%	5%	8%

TAX FREE CHILDCARE SCHEME

The tax free childcare scheme has commenced and parents now set up their own account online to receive the tax benefits. It is worth noting that if either parent is receiving childcare vouchers, they are not eligible to enrol on the new scheme.

CHILDCARE VOUCHERS

Employer supported childcare schemes, such as salary sacrifice schemes for childcare vouchers, closed to new entrants in October 2018. Employees who are already in a scheme are able to continue, as long as they remain eligible, do not leave the scheme, and remain with their current employer.

Employers should remember to complete their basic earnings assessment each April for employees continuing in the childcare vouchers scheme. For more information visit <https://www.gov.uk/government/publications/employer-supported-childcare>

POSTGRADUATE LOANS

From 6 April 2019, postgraduate loan (PGL) repayments have been introduced. An employee commences repayment of their PGL at 6% of their earnings which are subject to national insurance contributions (NICs) and exceed:

PGL	
per annum	£21,000
per month	£1,750
per week	£404

HMRC has emphasised the importance of employers issuing a starter checklist to new employees where they have a P45 that indicates that a student loan notice has been issued. It remains the responsibility of the employee to inform the employer what loan or loans are in repayment.

Your employee may be liable to repay a student loan plan type 1 or 2 at the same time as a PGL.

TERMINATION PAYMENTS - A REMINDER OF CHANGES FROM APRIL 2018

Since April 2018, all pay in lieu of notice (PILON), whether contractual or non-contractual, is subject to tax and national insurance.

Employers have a duty to determine the basic pay an employee would have received, had they worked their notice, even if the employee leaves earlier. This is to ensure that the full amount which would have been paid is subject to tax and NI. HMRC has introduced the post-employment notice pay calculation for this.

The calculation is not required if:

- all of the lawful notice period is worked or paid for (gardening leave);
or
- there is no termination payment other than taxed items such as PILON or holiday pay, or untaxed items such as statutory redundancy pay.

Please contact us if you have termination payments that may require a post employment notice pay calculation.

EMPLOYER NATIONAL INSURANCE ON TERMINATION PAYMENTS - DELAYED

It was previously announced that there would be Class 1A NIC on termination payments in excess of £30,000 with a possible implementation date of April 2019. This has been postponed due to a delay in legislation, and will now come into effect in April 2020.



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