

Payroll Update

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What's new in payroll for 2015-16

Personal allowance increase

From 6 April 2015 the personal allowance is changing to £10,600 per annum. The new emergency tax code for 2015-16 will be 1060L. In the first pay run of the tax year all standard codes will have been uplifted automatically unless individual notifications have been received from HM Revenue and Customs.

maximum of 10% of their tax allowance to be transferred to their spouse/partner. Once approved, HMRC will issue a new tax code to the employers.

Two new suffix codes have been introduced to reflect this change. Suffix N will indicate the taxpayer is a 'transferor' and suffix M will indicate the taxpayer is a 'recipient'

The ability to make the most of this saving only applies to Basic Rate taxpayers.

To accommodate this change the following seven new NI categories have been introduced:

- M** – not contracted-out standard rate contributions
- Z** – not contracted-out deferred rate contributions
- Y** – mariners not contracted-out standard rate contributions
- P** – mariners not contracted-out deferred rate contributions
- V** – mariners contracted-out salary related contributions
- I** – contracted-out salary related standard rate contributions
- K** – contracted-out salary related deferred rate contributions



Married couples to share personal allowance

From 6 April 2015 married couples and civil partners who cannot claim the old Married Couples Allowance can transfer a fixed amount of their personal allowance to each other to save tax.

Employees must apply to HM Revenue and Customs directly to request a

Reduced employer National Insurance for employees under 21

From 6 April 2015 employers with employees under 21 years old will no longer have to pay Class 1 Secondary NI contributions on earnings up to the Upper Secondary Threshold (UST) for those employees.

This means that for employees under 21 years old, employer NI will be calculated as 13.8% on all earnings over the UST (£815 per week for 2015/16). For employees over 21, employer NI is 13.8% over Secondary Threshold (ST) (£156 per week for 2015/16).



It is only the employer that will benefit from this change. The employee may notice a change to their NI letter but they will not be paying reduced NI.

Continued overleaf..

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Additional Statutory Paternity Leave will be replaced by Shared Parental Pay and Leave

Parents with babies born on or after 5 April 2015 may be entitled to Shared Parental Pay and Leave. This replaces the Additional Statutory Paternity Leave currently available.



Currently a mother may qualify for 52 weeks' Maternity Leave, 39 weeks of which are paid. Under the new rules, after the initial two weeks' compulsory leave, the mother can share the remaining 50 weeks with her partner.

The pattern of leave must be agreed between the employee and employer with eight weeks' notice and each period of leave must last at least a week. The new rules mean that parents can take the same time off to look after a newborn if they choose. Parents must take their required leave before the child's first birthday.

There are no changes to the two week Ordinary Statutory Paternity entitlements.

Change to Statutory Adoption Pay (SAP)

From 5 April 2015 SAP will mirror Statutory Maternity Pay. This will mean the employee could be entitled to 90% of their average weekly earnings for the first six weeks, followed by 33 weeks at the lower of statutory rate or 90% of their average weekly earnings (AWE).

Previously, eligible employees have been entitled to 52 weeks' leave. 39 of these weeks paid at the lower of statutory rate or 90% of their AWE.



Auto enrolment

A number of employers already have auto enrolment factored into their monthly routine. However for those that have not yet reached their staging date, you should start making your initial plans 9 to 12 months in advance. Staging dates can be found at <http://www.thepensionsregulator.gov.uk/employers/tools/staging-date.aspx>



We can work with you to ensure you meet your obligations and if you are interested in seeing how we can help, please contact Gary Cook on 01242 680000

Real Time Information

RTI became compulsory to most employers in April 2013. Due to teething issues experienced by both HMRC and employers, in August 2014 HMRC announced it would postpone the issuing of penalty notices to some employers until October 2014.

However from March 2015 penalties for late or incomplete information and payments are now automatically being issued to all employers. The amount of the penalty will be determined by the number of employees the employer has and how late the submission is.



HMRC has introduced a new online appeals process. Details of this service together with a guide to the penalties can be found at <https://www.gov.uk/what-happens-if-you-dont-report-payroll-information-on-time>

From April 2015 employers must include current employee address details within their Full Payment Submissions.

For further information please contact our Payroll Team on 01242 680 000 or payroll@hazlewoods.co.uk

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