

National Minimum Wage (NMW) rates

Current rate (effective from 1 October 2010)

Category	Hourly rate
Main rate (workers aged 21 and over)	£5.93
Aged 18-20	£4.92
Aged 16-17	£3.64
Apprentice*	£2.50

* The apprentice rate was introduced on 1 October 2010 and applies to apprentices under 16 or 19 or over and in the first year of apprenticeship.

Individuals of compulsory school age are not entitled to the NMW.

The NMW rates are reviewed each year and any changes normally take place on 1 October.

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 subcontractor.
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).
19 October	Class 1B NIC due for the year ended on 5 April (PSAs).

Hazlewoods Payroll Services

Geared to meet your needs

Hazlewoods Payroll Services set 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

www.hazlewoods.co.uk

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2011/12

Payroll Facts

Employers PAYE Guide



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Income tax

Personal allowances

	2011/12	2010/11
Personal allowance (age under 65)*	£7,475	£6,475
Personal allowance (age 65-74)**	£9,940	£9,490
Personal allowance (age 75+)**	£10,090	£9,640
Married couple's allowance (age 75+)** #	£7,295	£6,965
Blind person's allowance	£1,980	£1,890

* From the 2010/11 tax year the personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil. This restriction applies irrespective of age.

** Age related allowances are restricted by £1 for every £2 of income over £24,000 (£22,900 for 2010/11). Personal allowance is reduced before married couple's allowance. Married couple's allowance is reduced to a minimum of £2,800 (£2,670 for 2010/11). From the 2010/11 tax year, age related personal allowance can be reduced below the basic personal allowance where the income is above £100,000.

Married couple's allowance is given at the rate of 10%.

Rates

	Taxable income	Income tax rate	Dividend rate
2011/12	Starting savings rate* £0 – £2,560	10%	10%
	Basic rate £0 – £35,000	20%	10%
	Higher rate £35,001 – £150,000	40%	32.5%
	Additional rate > £150,000	50%	42.5%
2010/11	Starting savings rate* £0 – £2,440	10%	10%
	Basic rate £0 – £37,400	20%	10%
	Higher rate £37,401 – £150,000	40%	32.5%
	Additional rate > £150,000	50%	42.5%

* 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.

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. These rates apply irrespective of engine size.

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

HMRC approved 'tax-free' business mileage rates for employees using company cars:

	From 1 March 2011		
	Petrol	Diesel	LPG
1400cc or less	14p	13p	10p
1401cc to 2000cc	16p	13p	12p
Over 2000cc	23p	16p	17p

These rates are the maximum that can be paid without a charge to tax and NIC for business miles. If an employee receives less than they can claim tax relief on the difference.

The rates are usually reviewed twice a year with any changes taking effect on 1 June and 1 December. However due to the recent level of increases in fuel pump prices the rates changed on 1 March 2011. Future changes will be published on the HMRC website.

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

	2011/12	2010/11
Class 1 - Employers and Employees		
Lower earnings limit (LEL) per week	£102	£97
Primary threshold per week (employee)	£139	£110
Secondary threshold per week (employer)	£136	£110
Upper accrual point (UAP) per week	£770	£770
Upper earnings limit (UEL) per week	£817	£844

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no NICs are payable until earnings exceed the threshold of £136 per week (£110 for 2010/11).

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

Class 1 - Employers	- Rate above threshold (no upper limit)	13.8%	12.8%
Class 1 - Employees	- Rate between primary threshold and UEL	12%	11%
	- Rate above UEL	2%	1%
	- Contracted out	10.4%	9.4%
	- Married women and widows rate above threshold, below UEL	5.85%	4.85%
	- Rate above UEL	2%	1%
Class 1A (Taxable benefits)		13.8%	12.8%
Class 1B (PAYE Settlement Agreement)		13.8%	12.8%
Class 2 (Self-employed)	- Small earnings exception	£5,315	£5,075
	- Flat rate per week	£2.50	£2.40
Class 3 (Voluntary)	- Flat rate per week	£12.60	£12.05
Class 4 (Self-employed)	- Lower limit	£7,225	£5,715
	- Upper limit	£42,475	£43,875
	- Rate between limits	9%	8%
	- Rate above upper limit	2%	1%

For further information please contact our
Payroll team on 01452 634800 or
payroll@hazlewoods.co.uk
www.hazlewoods.co.uk



Statutory payments

	2011/12	2010/11
Statutory Sick Pay (SSP)	£81.60	£79.15
Statutory Maternity Pay (SMP)*	**£128.73	**£124.88
Statutory Adoption Pay (SAP)	**£128.73	**£124.88
Statutory Paternity Pay (SPP)	**£128.73	**£124.88

* 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 1 NICs liability for the month, the excess can be recovered from HMRC.

SMP, SAP and SPP

Employers can recover 92% of SMP, SAP and SPP paid. Employers whose total class 1 NICs for the previous year are £45,000 or less can recover 103% (104.5% for 2010/11).

Statutory Redundancy

Agess	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 between 41 and 65	1 ½

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 £400 (from 1 February 2011). 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 2011 and before 1 February 2012.

State Retirement Pensions

Basic weekly rates	2011/12	2010/11
Single person	£102.15	£97.65
Married couple	£163.35	£156.15

Student loan recovery

Rate or threshold	Loan taken out since 1998
Employee earnings threshold at which repayment of student loans begin	£15,000 per year £1,250 per month £288.46 per week
Rate of student loan deduction	*9%

* If the employee gets more than £2,000 interest a year from savings the rate of deduction may be different.

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