

# Payroll Facts

EMPLOYERS PAYE GUIDE

2016 / 2017

SOLVING  
THE  
PAYROLL  
PUZZLE



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**HAZLEWOODS**

DRIVING LIFELONG PROSPERITY

The data in this card is based on releases from HM Treasury and HMRC.

## INCOME TAX

Personal allowances	2016/17	2015/16
Personal allowance (those born after 5 April 1938)*	11,000	10,600
Personal allowance (those born before 6 April 1938)**	11,000	10,660
Married couple's allowance #	8,355	8,355
Blind person's allowance	2,290	2,290
Marriage allowance***	1,100	1,060

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

\*\* Age related allowances are restricted by £1 for every £2 of income over £27,700 in 2015/16. Personal allowance is reduced before married couple's allowance. Married couple's allowance is reduced to a minimum of £3,220 (same for 2015-16).

# Married couples allowance is given at the rate of 10%.

\*\*\* Spouses or civil partners not eligible for the married couple's allowance can elect to transfer 10% of their taxable allowance between them providing neither are higher or additional rate tax payers.

Rates	Taxable income	Income tax rate	
2016/17	Basic rate	£0 - £32,000	20%
	Higher rate	£32,001 - £150,000	40%
	Additional rate	> £150,000	45%
2015/16	Basic rate	£0 - £31,785	20%
	Higher rate	£31,786 - £150,000	40%
	Additional rate	> £150,000	45%

\* A 10% rate has been set in Scotland but the overall effect will be the same rate of tax paid by Scottish taxpayers as the rest of the UK.

## 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 10,000 miles. 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:

45p per mile, for the first 10,000 miles and 25p for additional mileage above 10,000 miles. These rates apply irrespective of engine size.

From 1 March 2015	Petrol	LPG	Diesel	
1400cc or less	11p	8p	1600cc or less	9p
1401cc to 2000cc	13p	10p	1601cc to 2000cc	11p
Over 2000cc	20p	14p	Over 2000cc	14p

These rates are the maximum amount that can be claimed 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 rates are reviewed four times a year. Any changes will take effect at the beginning of each calendar quarter - on 1 March, 1 June, 1 September and 1 December. Future changes will be published on the HMRC website.

## CHILDCARE VOUCHERS

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

For employees who joined a scheme on or after 6 April 2011, the amount of vouchers they can receive should be limited to:

Basic rate tax payers	£55 per week
Higher rate tax payers	£28 per week
Additional rate tax payers	£25 per week

The new government 'Tax-Free Childcare' scheme has been delayed and will now come in during 2017.

## NATIONAL INSURANCE CONTRIBUTIONS

<b>Class 1 - Employers and Employees</b>	<b>2016/17</b>	<b>2015/16</b>
Lower earnings limit (LEL) per week	£112	£112
Primary threshold (PT) per week	£155	£155
Secondary threshold (ST) per week	£156	£156
Upper accruals point (UAP) per week	N/A	£770
Upper secondary threshold (UST) per week	£827	£815
Apprentice upper secondary threshold (AUST)	£827	N/A
Upper earnings limit (UEL) per week	£827	£815
<b>Class 1 - Employers</b>		
- Rate above ST (employees over 21)	13.8%	13.8%
- Rate above UST (employees under 21)	13.8%	13.8%
- Rate above AUST (employees under 21)	13.8%	N/A
<b>Class 1 - Employers</b>		
- Rate above primary threshold, and below UEL	12%	12%
- Rate above UEL	2%	2%
<b>Class 1A</b> (Taxable benefits)	13.8%	13.8%
<b>Class 1B</b> (PAYE Settlement Agreement)	13.8%	13.8%
<b>Class 2</b> (Self-employed)*		
- Small profits threshold	£5,965	£5,965
- Flat rate per week	£2.80	£2.80
<b>Class 3</b> (Voluntary)		
- Flat rate per week	£14.10	£14.10
<b>Class 4</b> (Self-employed)		
- Lower limit	£8,060	£8,060
- Upper limit	£43,000	£42,385
- Rate between limits	9%	9%
- Rate above upper limit	2%	2%
<b>Employment Allowance</b> (Per employer per annum)	£3,000	£2,000

## STATUTORY PAYMENTS

No changes for 2016-17	2016/17	2015/16
Statutory Sick Pay (SSP)	£88.45	£88.45
Statutory Maternity Pay (SMP)*	**£139.58	**£139.58
Statutory Adoption Pay (SAP)	**£139.58	**£139.58
Ordinary Statutory Paternity Pay (OSPP)	**£139.58	**£139.58
Additional Statutory Paternity Pay (ASPP)	**£139.58	**£139.58

\* First six weeks 90% of average weekly earnings.

\*\* or 90% of average weekly earnings if lower.

### Payments recoverable from HMRC SMP, SAP, OSPP and ASPP

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

Employers whose total class 1 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	½
Each complete year of service between 22 and 40	1
Each complete year of service between 41 and above	1 ½

Service of longer than 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.

The maximum week's pay that an employee is entitled to under the statutory scheme is £479 (from 6 April 2016). 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 6 April 2015 and before 5 April 2016.

## STUDENT LOAN RECOVERY

Rate or threshold	2016/17	2015/16
Rate of student loan deduction.	9%	9%
Type 1 - English and Welsh students who started before 1 September 2012, and all Scottish and Northern Irish students.		
Employee earnings threshold at which repayment of student loans begin.	£17,495 £17,335	per year per year
Type 2 - English and Welsh students who started on or after 1 September 2012, and all Scottish and Northern Irish students.		
Employee earnings threshold at which repayment of student loans begin.	£21,000 per year	£17,335 per year

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

## NATIONAL MINIMUM WAGE (NMW) RATES

Hourly rates, effective from 1 October each year.

We will update our website when the new rates are announced.

Category	From October 2016	From October 2015
Main rate (workers aged 21 to 24)	£6.95	£6.70
Aged 18-20	£5.55	£5.30
Aged 16-17	£4.00	£3.87
Apprentice*	£3.40	£3.30

\* The apprentice rate was introduced on 1 October 2010 and applies to apprentices under 18 and those aged 19 or over and in the first year of apprenticeship.

## NATIONAL LIVING WAGE

From April 2016, the national living wage will be £7.20 an hour for workers aged 25 and older. The minimum wage will apply for workers aged 24 and under.

## 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.
D0	When all income is taxed at the higher rate of tax – currently 40%.
D1	When all income is taxed at the higher rate of tax – currently 45%.
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.
N	Indicates that the taxpayer is a 'transferor' of the marriage allowance.
M	Indicates that the taxpayer is a 'recipient' of the marriage allowance.
S	Indicates a Scottish taxpayer.
Y	You were born before 6 April 1938 or over and entitled to your bigger full tax-free Personal Allowance. No longer relevant for 2016-17.
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

On or before date of wages payment	Full Payment Summary (FPS) submission due to HMRC.
19	CIS300 (CIS monthly return) due for the month ended on the 5th and statements of deductions to be given to subcontractor.
20-19 of following month	Employer Payment Summary (EPS) submission due for the month ending on the 5th to include details of statutory payments recovered or nil PAYE liability due.
22	PAYE/NIC/CIS and student loan deductions due for the month ended on the 5th of this month, when paying electronically.

## KEY ANNUAL PAYE DEADLINES

19 April	Final Full Payment Submission to be made to HMRC.
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.

## HAZLEWOODS PAYROLL

### Solving the payroll puzzle

Hazlewoods Payroll sets you free to focus on your business. Headed by a senior partner, our Payroll team ensures that your business complies with 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.

### What next?

To arrange an informal discussion of your needs, or to request details of our competitive fees, please contact the team on 01242 680000 or email [payroll@hazlewoods.co.uk](mailto:payroll@hazlewoods.co.uk).

For further information please contact our Payroll team on:

Staverton: 01242 680000 or  
[payroll@hazlewoods.co.uk](mailto:payroll@hazlewoods.co.uk)

[www.hazlewoods.co.uk](http://www.hazlewoods.co.uk)  
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