

## **Welcome to the ninth edition**

Hello and welcome to Whiting & Partners Payroll Update issue 9. We circulate the latest payroll & Construction Industry Scheme updates in this twice-yearly newsletter to help employers and contractors keep up to date with the latest developments.

If you wish to know more about any topic and how it affects you, please contact our Payroll Department on 01353 662595 or at payroll@whitingandpartners.co.uk

## **Reporting Your Payroll Information Accurately and On Time**

It is very important that you make submissions to HMRC accurately and on time. Any late or inaccurate submissions can negatively impact on your employees and your business. Your Full Payment Summary (FPS) should be submitted to HMRC on or before your pay day. If, for any reason, you are unable to submit this on time and have a reasonable excuse for filing late, you should include the code on the FPS submission where applicable. Be aware that if there is a pattern of persistent late payments by an employer, HMRC will monitor, review the employer and, eventually, may contact the employer and consider issuing a late payment penalty.

## **HMRC Late Payment Interest Rates To Be Revised**

Following the recent increase to the base rate by the Bank of England to 0.75%, HMRC has announced that it will be increasing the rates for late payments, as HMRC rates are linked to the Bank of England base rate.

These changes came into effect on:

- 13 August 2018 for quarterly instalment payments (3.25%)
- 21 August 2018 for non-quarterly instalment payments (3.25%)
- Repayment interest rates remain unchanged (0.5%)

## **Advisory Fuel Rates for Company Cars from 1 September 2018**

HMRC has released details of the latest Advisory Fuel Rates for company cars applicable from 1 September 2018. Hybrid cars are treated as either petrol or diesel cars for this purpose and the new rates are as follows:

Engine Size	Petrol	LPG
1400cc or less	12p	7p
1401cc to 2000cc	15p	9p
Over 2000cc	22p	13p

Engine Size	Diesel
1600cc or less	10p
1601cc to 2000cc	12p
Over 2000cc	13p

### **Sleep-in Shifts and the National Minimum Wage**

For the elderly, disabled or vulnerable people, it is common for their carers to 'sleep-in' overnight to be on hand should assistance be required during the night. However, case law has recently been overturned by the Court of Appeal, finding that carers who sleep at a client's home are not entitled to National Minimum Wage (NMW) whilst asleep.

The decision, by the Court of Appeal, is not to count sleep-in shifts as working time, only time spent performing some specific activity will fall under an employer's obligations for NMW.

The union Unison have asked the Supreme Court for permission to appeal against this decision, stating that most care workers on sleep-in shifts aren't sleeping. They are on constant call, and are not free to come and go from their place of work.

The Supreme Court will now decide whether to grant the union the right to appeal. We will keep you updated of any development on this.

### **Payrolling of Benefits**

If you want to payroll any employee benefits, you need to register your request with HMRC before the start of the new tax year. The cash equivalent of the employees' benefit will be added to your employees' pay and the tax will be collected through the payroll. HMRC will make sure that the value of the benefit is not included in your employees' tax codes.

### **BACS Payments**

We offer a fully RTI compliant BACS service. If you would like us to make payments to your employees then please let us know. We can also make payments directly to HMRC too.

### **General Data Protection Regulation (GDPR)**

Whiting & Partners is very conscious of the importance of the new data protection regulation in the delivery of the services it provides to its clients. We have in place a programme to review our policies, procedures and processing activities to ensure they will be compliant on time. We will let our clients know if any adjustments to our current ways of working will be required by the new regulation. We recommend that you review your own processes and assess your obligations under the Regulations. It is an important reminder that both Data Controllers and Data Processors will be jointly and severally liable if found in breach of GDPR. The Information Commissioner's Office (ICO) website has further useful information.

[www.ico.org.uk](http://www.ico.org.uk)

### **Child Care Vouchers**

The child care voucher scheme closes to new entrants from October 2018. You can keep getting vouchers if you've joined a scheme and had your first voucher prior this date, however, if you change employers, then you will not be able to join a new voucher scheme with a new employer.

You cannot continue to claim childcare vouchers if you successfully apply for Tax-Free Childcare. TFC is aimed at providing support to working families, including the self-employed in the UK who have children under 12 (or under 17 if disabled).

For every £8 you pay in, you will receive a £2 top up to the account, up to £2,000 per child.

<https://www.gov.uk/help-with-childcare-costs/tax-free-childcare>

### **Holiday Pay Reminder**

We continue to remind you on the change in case law regarding the inclusion of commission and overtime in holiday pay and we strongly advise that you review your policy on holiday pay, particularly if you pay regular commission and overtime payments to your workers. There is still no definitive guidance on how to calculate holiday pay, taking into account the above changes. However, the Employment Rights Act refers to using the previous 12 weeks (prior to an employee taking their holiday), to calculate an average amount to base the holiday pay on.

### **Auto-enrolment Spot Checks**

The Pensions Regulator (TPR) will be targeting employers across the UK suspected of providing false or misleading information with short notice inspections. It is an offence to provide TPR with false information on their Declaration of Compliance and failing to meet automatic enrolment duties. Coercing staff to opt-out or offering alternative incentives is also illegal. Inspections started in July and will be carried out across the country including Essex, Kent, Hertfordshire, Bedfordshire and Cambridgeshire.

If employers are found guilty of any of the above they can expect to face a fine or even criminal proceedings.

### **Welsh Rates of Income Tax**

Effective from April 2019, taxpayers who are resident in the UK for tax purpose and their sole or main place of residence is in Wales, for the majority of the tax year, will pay Welsh Rates of Income Tax (WRIT).

From April 2019, Welsh resident taxpayers will have a tax code beginning with C. Employee status will be decided by HMRC, based on information held within its systems, so it is important that employees check that HMRC has their correct address details.

More information on these changes can be found on the Welsh Government's website:

<https://gov.wales/funding/fiscal-reform/welsh-taxes/income-tax>

### **NICs on Termination Payments Over £30k**

Currently any termination payments over £30,000 do not attract any further national insurance costs to the employer. However, effective from April 2019, any termination payments over £30,000 will attract Class 1a national insurance contributions from the employer. The measure aligns the rules for tax and secondary NICs for payments made to employees. In addition, all payments in lieu of notice (PILONs) will be both taxable and subject to Class 1 NICs.

### **Student Loan Threshold Changes for 2019-20**

The increase in thresholds for students loans, has been confirmed for next tax year by the Department for Education (DfE).

- Plan 1 – For 2018-19 this is currently £18,330. From 6 April 2019 the threshold will rise to £18,935; earnings above this will be calculated at 9%.
- Plan 2 – for 2018-19 this is currently £25,000. From 6 April 2019 the threshold will rise to £25,725; earnings above this will be calculated at 9%.

The DfE will also be introducing a new loan type from 6 April 2019: Postgraduate Loan (PGL). The threshold for this in 2019-20 is £21,000. Earnings above this will be calculated at 6%.

### **Gender Pay Gap**

It is likely in the near future that the Gender Pay Gap reporting could extend to companies with more than 50 employees. This will be in an attempt to try and tackle the UK's Gender Pay Gap, which is one of the largest in Europe.

The recent report that covers only employers with more than 250 staff, found that, although the first year of reporting has raised the profile of the issue, only around half of the UK workforce is covered by the present reporting requirements. There is evidence to suggest that pay gaps are even higher in smaller businesses. Employers should not only report on their pay gap but also publish an explanation and action plan for how they will close the gap.

We will keep you posted on further developments regarding this.

If you have any feedback, or would like more information on one of the topics covered, please e-mail [payroll@whitingandpartners.co.uk](mailto:payroll@whitingandpartners.co.uk), quoting "payroll update letter" in the subject line, or call 01353 662595 and ask to speak to a member of the payroll team.

For those of you for whom we already undertake payroll services, we will be addressing a number of the issues raised in this newsletter on your behalf.

Please also contact us if you would like to be removed from our mailing list.