

Changes to Coronavirus Job Retention Scheme (Furlough) from July 2021

As you will know by now, in the budget speech of 3 March 2021, the government announced the extension of the current furlough scheme until September 2021. Further guidance has now been issued as to how the scheme will operate.

Firstly, for periods starting after 1 May, you can claim furlough for any employee, provided they were on an FPS return prior to 2 March, 2021. Previously, employees had to have been on an FPS prior to 31 October, 2020. You do not need to have previously claimed for an employee before 2 March 2021 to claim for furlough on or after 1 May 2021.

Secondly, the government have announced the phasing out of furlough support from 1 July 2021. Employees can still expect to receive 80% of their salaries, subject to the £2500 limit, but from July 2021 employers will be expected to contribute.

From 1 July 2021: The government will pay 70% of wages, up to a maximum of £2,187.50. The employer will be expected to make up the remaining 10%

From 1 August 2021: The government will pay 60% of wages, up to a maximum of £1,875.00. The employer will be expected to make up the remaining 20%.

Subject to further confirmation, the furlough scheme is due to end on 1 September 2021.

National Minimum Wage Rates

In line with the now annual increase, HMRC has announced changes to the minimum wage. One major change is the lowering of the age bracket to qualify for the top rate from 25 to 23 years old. Effective from April 2021 the National Minimum Wage (NMW) rates will be as per the figures below:

- Workers aged 23 years or more: £8.91 per hour.
- Workers aged 21 to 22 years: £8.36 per hour.
- Workers aged 18 to 20 years: £6.56 per hour.
- Workers aged under 18 (but above compulsory school age): £4.62 per hour.
- Apprentices aged 19 and over, but in the first year of apprenticeship: £4.30.

Apprentices aged 19 or over who have completed one year of their apprenticeship are entitled to receive the national minimum wage rate applicable to their age.

Employer Allowance

There will be no changes to the £4,000 employer allowance for 2021-22 tax year. Employers who qualify can still register to receive the allowance via an EPS claim through their payroll software. Employers with a Class 1 secondary National Insurance liability of £100,000 or more are no longer eligible.

Cycle to Work Scheme

In December 2020 HMRC announced that employees who joined a company cycle to work scheme on or before 20 December 2020, can now benefit from time limited easement due to the change in their working conditions. Prior to this the tax exemption for cycles & equipment was applicable if the purchase was made predominantly for journeys to & from work. With many employees now working from home this caveat has been suspended. The rule will be re-applied from 5 April 2022. Those employees who joined a scheme on or after 20 December 2020, are exempt from the rule.

Tax Relief Working from Home

If your employer requires you to work from home due to the coronavirus pandemic, you are eligible to claim back money, through tax relief, if you have increased costs.

If you have been working from home because of the Covid-19 pandemic, then you may be eligible to get some cash to help cover the costs.

It's not much but as the months have gone on - and let's face it - few of us expected to still be in this situation a year on, it may be worth adding to the pennies.

The process is simple, but you do need to be able to set up a Gateway ID on the government website and have details of your payslips and identification like a passport to get started on the official.gov.uk website.

The payment can be made via the payroll with no tax or national insurance payable; however, this is then a cost to the business. If the employee claims direct from HMRC, there will be an adjustment to their tax code.

You can still claim even if you only work from home for part of the week, but you cannot claim tax relief if you **choose** to work from home.

How Much Can You Claim

You can either claim tax relief at:

- £6 a week from 6 April 2020 (for previous tax years the rate is £4 a week) – you will not need to keep evidence of your extra costs.
- the exact amount of extra costs you've incurred above the weekly amount - you'll need evidence such as receipts, bills or contracts.

You will get tax relief based on the rate at which you pay tax. For example, if you pay the 20% basic rate of tax and claim tax relief on £6 a week you would get £1.20 per week in tax relief (20% of £6).

The Benefits of Outsourcing Payroll

As chartered accountants, with over 90 years' experience in the finance industry, outsourcing the payroll to us is something all businesses should consider. Running a payroll is very time consuming so let someone else take the burden from you, here are 8 great reasons for outsourcing your payroll:

Cost

Time is quite literally money when running a business, save time and let someone else do all the work. The cost savings associated with payroll outsourcing reflects time a company can win back by not doing these duties in-house. In-house is time consuming and requires a lot of attention to detail and that demand increases as staff numbers grow. The payroll function can consume a large proportion of your staff resources and time, especially if the staff are not fully trained. Outsourcing the payroll frees up these resources allowing staff to concentrate on more essential tasks in the business. Outsourcing also gives you better scope for expansion of your business with scalable services suited to the business.

It can often be expensive to employ staff with the necessary training to operate a payroll system and for some the payroll role is not enough for a full-time employee. You may have to use current staff to train in payroll as an additional responsibility to their core role. Your payroll staff will also need to keep up with the latest legislation and procedures. Outsourcing means you will not have to worry about training or legislation.

Experience

Some payrolls can be very complicated. Outsourcing provides a wealth of experience at your disposal, something you are unlikely to have with a small in-house payroll. We know all the ins and outs of payroll related tax laws and latest government legislation.

Speed

As a payroll service provider specialist, we can process even the most complex payroll at great speed, providing a quick turnaround time on your payroll when required.

Accuracy

Payroll mistakes can be painful, upsetting, and stressful. We are much less likely to make a serious error than your in-house staff. You are paying for our expertise, knowledge, and finely tuned checking procedures that we have in place.

Reliability

In-house payroll activities function as reliably as the people doing the work. With a payroll service, output, speed, and quality will not vary in accordance with holidays and sickness. There is always a risk that you may lose one of the key members of staff that deal with your payroll and all their knowledge walks away with them. If this happens you could find it extremely difficult to replace them, causing a logistical nightmare come payday. You also will not have to spend time training new staff or helping them to understand your business's payroll system.

Flexibility

Our payroll service offers small, medium, and large sized businesses total payroll packages in which all your payroll requirements can be met. With outsourced solutions, these packages are often flexible to meet your specific business needs, so you don't end up paying for something that includes services you don't need or miss key features that you do need.

Security

Do you have the time and energy to closely supervise your business's payroll for time and rate abuses and other fraudulent activities? We have technologies that can spot and alert clients to various types of payroll fraud, such as payment manipulation and 'phantom workers.

Worry-Free

There is a lot to be said for the peace of mind that outsourcing payroll services can bring to a business owner or manager. No headaches, no hassles, no stress, no worries: You're left to focus on running your business knowing your payroll obligations are dealt with correctly, efficiently and lawfully.

Mileage allowances 2021

Type of Vehicle	10,000 miles	10,000 + miles
Cars and vans	45p	25p
Motorcycles	24p	24p
Bikes	20p	20p

Find out more:

For further information, advice and guidance please contact our payroll Bureau:

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