

## Welcome to the tenth edition

Hello and welcome to Whiting & Partners Payroll Update issue 10. 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

## Tax Year-end 2018-19

End of Year – Notable Dates:

- End of Year submissions to HMRC should be made by 18 April 2019, Easter is late this year with Good Friday on 19 April and Easter Monday on 22 April 2019.
- Form P60 is due to all employees who are still employed at 5 April 2019 and should be with employees by 31 May 2019.

## New Tax Year 2019/20

- Increase tax codes by 65 for all employees with a “L” suffix (e.g. 1185L becomes 1250L)
- Increase tax codes by 71 for all employees with a “M” suffix (e.g. 1304M becomes 1375M)
- Increase tax codes by 59 for all employees with a “N” suffix (e.g. 1066N becomes 1125N)
- Remove week 1/month 1 indicators on tax codes
- Apply new codes received from HMRC on Form P9
- Ensure all figures are cleared down, ready for the New Year
- Submit an EPS to confirm you will claim the £3,000 employment allowance, if applicable.

Other guidance and information on successfully transitioning into the new tax year should be available from your software provider, or if you are a payroll client of Whiting & Partners, all tax year end/start procedures will be completed on your behalf.

## Personal Allowance Increase and Higher Rate Threshold

Employee personal allowance	£240 per week £1042 per month £12,500 per year
UK Basic tax rate 20%	£0 -£37,500
Higher Rate 40%	£37,501- £150,000
Additional Rate 45%	Over £150,000

The Emergency tax code from 6 April 2019 is 1250L

## Scottish Rate of Income Tax

Scottish Basic tax rate	20% on annual earnings from £2,050 to £12,444
Scottish Intermediate tax rate	21% on annual earnings from £12,445 to £30,930
Scottish Higher tax rate	41% on annual earnings from £30,931 to £150,000
Scottish Top tax rate	46% on annual earnings above £150,000

### **Welsh Rate of Income Tax**

Welsh Basic tax rate	20% on annual earnings from £0 to £37,500
Welsh Higher tax rate	40% on annual earnings from £37,501 to £150,000
Welsh Top tax rate	45% on annual earnings above £150,000

### **National Minimum Wage & The National Living Wage**

The National Minimum Wage for those under the age of 25 and The National Living Wage for those over the age of 25 is to be increased from 1 April 2019.

The April 2019 rates are:

- workers aged 25 years or more: £8.21 per hour
- workers aged 21-24 years: £7.70 per hour
- workers aged 18 to 20: £6.15 per hour
- workers aged under 18 (but above compulsory school age): £4.35 per hour
- apprentices aged under 19: £3.90 per hour
- apprentices aged 19 and over, but in the first year of their apprenticeship: £3.90 per hour

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.

### **Voluntary Living Wage**

The Voluntary Living Wage, set independently by the Living Wage Foundation and is calculated according to the basic cost of living in the UK. Employers choose to pay the Living Wage on a voluntary basis. The UK Living Wage is currently set at £9.00 per hour and the London Living Wage is £10.55 per hour.

For more information on this please visit The Living Wage Foundation's website. [www.livingwage.org.uk](http://www.livingwage.org.uk)

### **2019-20 Statutory Payment Rates**

The new rates effective from 6 April 2019 are as follows, where employees meet the eligibility criteria:

Statutory Sick Pay (SSP): £94.25/week

Statutory Maternity Pay (SMP): £148.68/week (or 90% of AWE, whichever is the lesser)

Statutory Paternity Pay (SPP): £148.68/week (or 90% of AWE, whichever is the lesser)

Statutory Adoption Pay (SAP): £148.68/week (or 90% of AWE, whichever is the lesser)

Shared Parental Pay (SShPP): £148.68/week (or 90% of AWE, whichever is the lesser)

Employers may still recover 92% of SMP/SPP/SAP/SShPP, with small employers able to recover 100%, plus 3% compensation. (Small employers are currently defined as those whose total NICs (employee and employer) were less than £45,000 for the previous tax year)

### **Student Loan – Increase in annual threshold**

From 6 April 2019 the annual threshold for the repayment of Plan 1 student loans will increase to £18,935, and the threshold for Plan 2 will increase to £25,725.

The student loan deduction percentage rate remains at 9%.

### **Postgraduate Loan**

April 6 2019 will also see the introduction of the new Postgraduate Loan deductions. The threshold for this in 2019-20 is £21,000. Earnings above this will be calculated at 6%.

### **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.

## **Auto Enrolment - Changes for 2019/20 to Pension Contributions**

April 2019 sees the secondary changes to Auto Enrolment legislation and the introduction of contribution phasing.

Contribution Phasing sees pension contributions increasing as per the table below:

Date Effective	Employer Minimum	Staff Contribution	Total Minimum Contribution
Until 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

Everything you need to know about Automatic Enrolment can be found on TPR's website.

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## **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 closed to new entrants on 4 October 2018. You can keep getting vouchers if you've joined a scheme and had your first voucher prior to 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>

## **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.

### **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.

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.