

## EMPLOYERS BULLETIN NO 27

### NATIONAL MINIMUM WAGE AND NATIONAL LIVING WAGE

From 1 October 2015 the rates per hour increase to

<b>21 and over</b>	<b>18 to 20</b>	<b>Under 18</b>	<b>Apprentice*</b>
£6.70	£5.30	£3.87	£3.30

*\* the apprentice rate applies to those aged 16-18 or aged 19 or over in their 1<sup>st</sup> year of apprenticeship. All others are entitled to the National Minimum wage.*

It is important you ensure you check regularly that you are paying staff at or above their age appropriate NMW rate, especially those who may take part in salary sacrifice arrangements.

From April a National Living wage of £7.20 per hour will be introduced for workers aged 25 and older.

**EMPLOYMENT ALLOWANCE** can save you up to £2,000 in NIC; are you ensuring you claim in 2015/16? Don't lose out. From April 2016 it has been proposed that this will increase to £3,000 but will no longer be available to companies whose sole employee is the director.

**NATIONAL INSURANCE CONTRIBUTIONS AND UNDER 21 YR OLD EMPLOYEES** - employers are no longer required to pay employer's National Insurance Contributions on earnings up to £815 per week for employees under 21 years old. In April there are plans to abolish employer NIC up to the Upper Earnings limit for apprentices under age 25.

**STUDENT LOAN THRESHOLD** increased to £17,335 per annum in April 2015. From April 2016 a new student loan threshold of £21,000 will be introduced, to be known as Plan 2. Employers repaying under the existing threshold will be unaffected by the change and will never be asked to operate more than one plan type at the same time. HMRC will issue more detailed guidance on the run up to the change and we will of course update you!

**CHILDCARE VOUCHER SCHEMES** are to remain open to new entrants until the delayed Tax-Free Childcare scheme is rolled out by the government in early 2017. Operating a Childcare Voucher scheme under salary sacrifice can offer savings for both you and your employees, so it may be wise to think about offering the benefit before it disappears!

## COMPANY CAR, VAN AND VAN FUEL BENEFITS

The CO2 emissions percentages have increased for 2015/16 and the Car Fuel Benefit charge has increased to £22,100. As the Class 1a NIC rate is 13.8% we strongly recommend employers to pay the company car fuel mileage rates below instead of paying for all fuel, thus saving Class 1a NIC and reducing the employee's personal tax burden.

From 6 April 2015, the van benefit is increased from £3,090 to £3,150 for 2015 to 2016 and the van fuel benefit charge will increase from £581 to £594.

## FUEL MILEAGE RATES

### Company car

The rates changed on 1 September 2015 and are currently

Engine Size	Petrol	LPG	Diesel	
1400cc or less	11p	7p	below 1600cc	9p
1401cc to 2000cc	14p	9p	1601cc – 2000cc	11p
Over 2000cc	21p	14p	over 2000cc	13p

You can use the previous rates for up to 1 month from 1 September. These rates can be used to reimburse employees for business miles travelled in their company cars or to refund the cost of private miles travelled where all fuel is paid for by the company. Hybrid cars are treated as either petrol or diesel for this purpose.

Employee's own car/motorcycle/bicycle unchanged.

## AUTO ENROLMENT

The auto enrolment process has begun. The latest batch of staging date letters are currently being issued. Start your planning process early to ensure a smooth transition, contact us for further details.

## PENALTIES FOR EMPLOYING AN ILLEGAL WORKER

Employers face penalties of up to £10,000 for each illegal worker they employ. The only defence against such fines is to take and retain copies of the documents showing the employee's entitlement to work in the UK. Don't forget to make a diary note of when visas/work permits expire.

## PAYROLL SERVICES

Finally, if you need any help with Payroll, PAYE, RTI, Auto Enrolment or Benefits please ring Jenny or Anne at Alexander & Co on 0161 832 4841 or contact them via email:

[jennyl@alexander.co.uk](mailto:jennyl@alexander.co.uk) or [annek@alexander.co.uk](mailto:annek@alexander.co.uk)