

EMPLOYERS BULLETIN NO 29

THE NATIONAL MINIMUM WAGE

From 1 October the **National Minimum Wage** increased. The **National Living Wage** remains unchanged. Current rates are:

25 and over	21 -24	18 to 20	Under 18	Apprentice*
£7.20	£6.95	£5.55	£4.00	£3.40

* *The apprentice rate applies to those aged 16-18 or aged 19 or over in their 1st 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 NLW/NMW rate, especially those who may take part in salary sacrifice arrangements.

CHRISTMAS GIFTS

During the festive season, employers sometimes like to treat their employees with a little extra. Remember – HMRC are not always so generous! Cash is always treated as earnings and should be processed through the payroll in the usual manner. Gift vouchers and presents also have tax/NIC consequences but should you provide a gift voucher or present up to the value of £50 they *may* fall under HMRC's trivial benefit exemption which came into effect on 6 April 2016. It is wise to check with us beforehand to see what your options are to avoid any hiccups after the fact.

APPRENTICESHIP LEVY

The way the government funds apprenticeships in England is changing. The new rules take effect from 6 April 2017.

The levy will be 0.5% of your annual pay bill. It will affect employers with annual pay bills greater than £3 million. You will have a "levy allowance" of £15,000 per employer to offset the amount you must pay. Connected company rules do apply and connected employers would only be entitled to use one £15,000 levy allowance, not one for each company.

The levy allowance will operate on a monthly basis and will accumulate throughout the tax year. This means employers will have a monthly allowance of £1,250. Any unused allowance in one month will be carried forward into the next month. Should you have unused allowances but paid the levy charge in a previous month you will receive a credit which you can offset against your other PAYE liabilities.

The levy charge will be calculated, reported and paid to HMRC through the PAYE process, with payments being made alongside tax and NICs in line with the current PAYE payment deadline dates.

Where does the money go? Should you incur a levy charge, the funds you pay to HMRC will be accessible to you via a new digital apprentice service account and you will be able to use this account to fund taking on an apprentice. The government currently aims to provide a 10% top-up to the funds you have available to spend on apprenticeship training in England; this means for every £1 that enters your account, you will have an available spend of £1.10. Unused funds will have an expiry date after they enter your digital account. The new digital account will not be available until January 2017, at which point you will be able to register and familiarise yourself with the service.

You can find full details on the apprenticeship levy and how it may affect you at

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

REMINDERS

EMPLOYMENT ALLOWANCE

Since April 2016, the £3K saving was **no longer available to companies whose sole employee is the director**. If you were affected by the removal of the allowance, ensure you have not claimed during the tax year so far to avoid underpayments of Secondary NICs.

NATIONAL INSURANCE CONTRIBUTIONS FOR APPRENTICES UNDER 25

In April we let you know that should you employ an apprentice under 25 you will not be required to pay employer NIC up to the Apprentice Secondary NIC threshold. The apprentice must be following an approved UK government statutory apprenticeship framework for you to benefit for relief. **Don't forget Employer NIC contributions to the UST (under 21) were abolished for under 21s in 2015/16.**

CHILDCARE VOUCHER SCHEMES

Employer supported nursery voucher scheme provisions, usually facilitated alongside a salary sacrifice scheme, will remain open to new entrants until April 2018. If this isn't something you have thought about before, this tax and NIC friendly benefit provides a saving in employer National Insurance Contributions as well as ensuring working parents benefit from a saving too.

STUDENT LOAN THRESHOLD

The new threshold known as Plan Type 2 came into effect on 6 April. The existing threshold will be known as Plan Type 1. Employers will only ever be asked to operate one plan at a time. HMRC's Starter Checklist has been revised to prompt you to ask the employee which plan type they are repaying. When a new member hands in a P45 stating a student loan is due to be repaid you should ask them which plan they repay under. If in doubt the default to operate is Plan Type 1. **The process of operating Student Loan deductions remains unchanged.** Thresholds are:

Plan Type 1	£17,495 per annum
Plan Type 2	£21,000 per annum

THE END OF THE RTI RELAXATIONS FOR MICRO EMPLOYERS

If in previous years you have been reporting under relaxation rules, as of 5 April you should have been reporting to HMRC on or before the date your employees are paid. HMRC do operate a risk based approach to their penalty regime but will not take this relaxed approach with consistent offenders.

CONSTRUCTION INDUSTRY SCHEME (CIS)

Since April it's been compulsory to file your CIS monthly return online. If you feel you will struggle to comply with the compulsory online filing rule please get in touch to see how we can help. In the coming tax years it will be compulsory to verify your subcontractors using electronic methods too.

AUTOMATIC ENROLMENT IS HERE!

Staging dates are looming for many small employers. Remember, Auto Enrolment doesn't happen without payroll! Pay details and employee data helps determine who is "in" and who isn't. Information from the pay records helps compile the information for the pension scheme and the contributions from part of the wage run. It may be the perfect time to outsource, bearing in mind we are already equipped to handle all of the above.

If you need any assistance with payroll, RTI, Auto Enrolment or benefits please get in touch with Jenny on 0161 832 4841 or via email: jenny@alexander.co.uk