

EMPLOYERS BULLETIN NO 28

MOVING AHEAD INTO 2016/17; FROM 6 APRIL:

Employee basic personal allowance is £11,000. The emergency tax code is **1100L**.

Tax rates and the new Scottish rate of Income Tax. From 6 April if HMRC determine you live in Scotland you will pay the new Scottish rate of Income Tax. If this applies some of your tax will be paid to the Scottish Government. HMRC will inform employers who they deem are chargeable to the new Scottish rate by issuing a tax code ending with suffix S. Employers are not responsible for determining the residency of their employees. The **total** rates for UK and Scottish tax from 6 April are:

UK Rate	%	Bandwidth	Scottish Rate	%	Bandwidth
Basic Rate	20%	£1 to £32,000	Basic Rate	20%	£1 to £32,000
Higher Rate	40%	£32,001 to £150,000	Higher Rate	40%	£32,001 to £150,000
Additional Rate	45%	£150,001 & above	Additional Rate	45%	£150,001 & above

THE NATIONAL LIVING WAGE (NLW) From 1 April workers aged 25 and over should be paid at a rate of £7.20 per hour. Don't forget the **National Minimum Wage** still applies to workers below the NLW:

25 and over	21 and over	18 to 20	Under 18	Apprentice*
£7.20	£6.70	£5.30	£3.87	£3.30

** 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.

EMPLOYMENT ALLOWANCE From April this will increase to £3,000 but is **no longer available to companies whose sole employee is the director**. If you are affected by the removal of the allowance, ensure you do not claim after 6 April to avoid underpayments of Secondary NICs.

NATIONAL INSURANCE CONTRIBUTIONS FOR APPRENTICES UNDER 25 From 6 April should you employ an apprentice under 25 you will not be required to pay employer NIC up to the Apprentice Secondary NIC threshold of £43,000 per annum. 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 15/16.**

CHILDCARE VOUCHER SCHEMES Remember to carry out the **basic earnings assessment** for any employees currently taking advantage of the existing scheme to ensure you apply the appropriate exemption rate in 2016/17.

STUDENT LOAN THRESHOLD The new threshold known as Plan Type 2 comes into effect on 6 April. The existing threshold will be known as Plan Type 1 and any current deductions remain unaffected. Employers will only ever be asked to operate one plan at one time. HMRC's Starter Checklist will be revised to prompt you to ask the employee which plan type they are repaying. If in doubt which to operate (e.g. new starter P45 does not specify), the default is the current 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

PAYROLLING BENEFITS From 6 April HMRC are introducing the provision of payrolling some benefits in kind. In short, employees will pay tax on certain benefits during the year in line with their pay-date to help avoid underpayments in future years. This will form part of the usual payroll process. Employers must be enrolled for PAYE online to be able to register for the Payrolling Benefits in Kind service, and must register before 5 April. It is wise if you aren't using our payroll service to check your payroll software will be compliant. Payrolling benefits will not dismiss the need for completing form P11d(B) or forms P11d for benefits that do not come under the new legislation/haven't been payrolled.

We will bring you more news on upcoming legislation changes relating to expenses and benefits in our next bulletin.

THE END OF THE RTI RELAXATIONS FOR MICRO EMPLOYERS If you have been reporting under relaxation rules, from 5 April you must report to HMRC on or before the date your employees are paid. If this causes you concern don't forget Alexander & Co run a comprehensive payroll service and could ease the burden for you.

CONSTRUCTION INDUSTRY SCHEME (CIS) From 6 April it will be compulsory to file your CIS monthly return online except for those who are unable to access an online channel by reason of age, disability, remote location or religion. We are experienced in filing CIS returns electronically. If you feel you will struggle to comply with the compulsory online filing rule, please get in touch to see how we can help.

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. If you prepare your own payroll it may be worth checking if your software will be able to assist with assessments, contribution deductions, opt outs, opt ins - you may need to upgrade. It may be the perfect time to outsource, bearing in mind we are already equipped to handle all of the above.

NEW TAPERED ANNUAL ALLOWANCE FOR PENSIONS will affect individuals with income of over £150,000. The new threshold poses restrictions on pension's tax relief. If this could affect you get in touch with our tax team for some practical advice.

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