



PAYROLL CHANGES WITH EFFECT FROM 6 APRIL 2011 - (Ring if you have any queries)

All new employees will go on tax code OT rather than 747L until either a P45 or P46 is supplied. (If you need P46's, please just ask).

STATUTORY SICK PAY - See attached table

You must obtain sick notes from all employees who have been sick for four days or more as SSP will still be payable to these employees even though it may not be recoverable by you.

STATUTORY MATERNITY PAY - See attached table

Please note that you cannot pay Statutory Maternity Pay to any employee without receiving from them the form MATB1, which will be handed to the employee by their Doctor or Midwife.

STATUTORY PATERNITY PAY AND PATERNITY LEAVE

This allows the father of a newly born child two weeks leave after his wife gives birth at £128.73 per week from 6th April 2011 or 90% of the gross wage, whichever ever is the lower. Unpaid paternity leave may also be given in addition.

NATIONAL INSURANCE CHANGES

As from 6 April 2011, no National Insurance is due from employer or employee up to wages of £139 per week. Earnings between £102 and £139 will retain employees right to SSP/SMP/State Pension and Job Seekers Allowance, even though no National Insurance contributions are due. Earnings between these limits must be recorded in your wages records.

If you have any employees for whom you wish to maintain a national insurance deduction you must telephone us immediately to arrange a pay increase to take their salary up to £103 per week or more, otherwise the employee could lose benefit if they have been paying national insurance up to 5 April 2011.

Employees who reach retirement age should produce a certificate of exemption, which should be forwarded to us immediately.

NATIONAL MINIMUM WAGES: This may be going up again in October 2011. Please ring nearer that time if you need details. Current hourly rates £5.93 (over 20 years) £4.92 (18-21 years) £3.64 (16-17 years). Please note that substantial penalties will be in place for employers who do not pay the minimum wage.

CARS SUPPLIED TO EMPLOYEES AND DIRECTORS

Where a motor car is first provided to an employee/director or where there is a change of car during the tax year, there is a special form - P46 (car) - which has to be completed. Should any such changes occur in your organisation, please contact us immediately.

STAKEHOLDER PENSIONS

You must, if you employ more than five people, give your employees access to a Stakeholder Pension Scheme. This matter is quite complex and if you fall into this position, please call Steve Myers at this Office.



EMPLOYMENT OF PERSONS WHO ARE NOT UK RESIDENTS

The Government are concerned at the number of people working in the UK who are not eligible to take up employment. Normally if a new employee turns up with a P45 or a documented national insurance number, there should be no problem. However, if someone turns up without a national insurance number you should not employ them unless they can produce either a British passport or a passport which contains a stamp or words that the holder is eligible to take up employment in the UK.

There are financial penalties for employing persons who are not entitled to work in the UK and it is the employer's responsibility to ensure that the paperwork is in order.

Finally, would you please ensure that all changes of staff or adjustments to payroll are notified to us promptly - within a few days - as it is often impossible to make simple adjustments when the following weeks payrolls have been processed. Remember this can save you money on the fee notes we render to you.

CASUAL WORKERS

Problems can arise where casuals, etc do not have a P45 and the employer fails to operate the P46 procedure correctly. Where the employee is going to be employed for more than a week, P46 procedures should be followed. Failures can attract a penalty of up to £300 for failure. If you need a supply of P46 forms please contact us. For any completed P46s please send them to us and we will retain them on your payroll file or forward them to the Revenue as necessary.

INFORMATION ON EMPLOYEES REQUIRED BY H M REVENUE & CUSTOMS

Please note that as from 6th April 2009 the Inland Revenue are going to require for each employee their National Insurance number, date of birth and home address. Can you please ensure that you check the P60s we sent to you and where any of the above details are not shown or are incorrect would you please let us have them as a matter of urgency.

HOLIDAY ENTITLEMENT

For employees working a 5 day week the annual minimum holiday pay entitlement will be 28 days which can include bank holidays if you wish. You can make the entitlement better than this but not worse. For people employed less than 5 days per week the calculation is pro rata. If you need help with this please ring.

BENEFITS IN KIND ON EMPLOYER PROVIDED VANS

From April 2007 the nil charge will continue to apply to employees where the restricted private use condition is met. Where the condition is not met the discount for older vans will be removed and the scale charge for unrestricted private use will increase to £3,000. Where an employer provides fuel for unrestricted private use an additional fuel charge of £550 will also apply.

RESTRICTED PRIVATE USE

The condition is met if:

- The terms on which the van is made available to the employee prohibit its private use otherwise than for the purposes of ordinary commuting or travel between two places that is for practical purposes substantially ordinary commuting; and
- Neither the employee nor a member of their family or household makes private use of the van other than for those purposes; and
- The van is available to the employee mainly for use for the purposes of the employee's business travel.

The last point means that the van cannot be used for commuting purposes alone.

Where there is a taxable benefit under the new regime it may be reduced:

- For any periods where the van is unavailable;
- In respect of payment by the employee for the private use of the van; and
- Where the van is shared.

Where the van is shared by employees the Finance Act 2004 provisions suggest that the benefit is calculated separately for each employee in the normal way and then reduced on a just and reasonable basis.

Don't get a Penalty – Remember to pay on time

The new penalties will apply to any employer or contractor who does not pay on time and in full. They will replace the Mandatory Electronic Payment (MEP) surcharge, which applies only to large employers (though large employers will still be required to pay electronically).

The law is changing

The draft order starting the new penalty regime is on H M Revenue and Customs's website. Under the draft order the late payment penalties will apply to tax periods starting on or after 6th April 2010.

Don't risk a penalty – pay on time

From May 2010 you must pay the full amount on time to avoid being liable to a penalty. You can find more information about how to calculate what you owe by going to www.hmrc.gov.uk/pay/payroll/day-to-day/calculations.htm For more information about when to pay go to www.hmrc.gov.uk/pay/file-or-pay/payments/deadlines.htm

PAYE deadline – interactive tool

In order to help you pay on time, you might want to visit the Business Link website at www.businesslink.gov.uk/bdotg/action/keydates where you can create a calendar of key tax deadlines for the next 12 months. You can also sign up to receive regular e-mail alerts as each date approaches.



When will the Revenue charge penalties?

The Revenue will review employers' payment records for 2010-11 after the end of the tax year and issue the first penalties from April 2011. In many cases, a letter will be sent **the first time** the records show that an employer or contractor has paid late. The letter will explain that if you pay late again you may have to pay a penalty. Employers and contractors should not expect an automatic written reminder every time they pay late.

What if I can't pay?

Please contact H M Revenue and Customs right away. They may be able to allow you time to pay. Penalties will not be charged on amounts included within a time to pay agreement provided you approach H M Revenue and Customs before the payment is late and you stick to the agreement. For more information on time to pay go to the website at <http://www.hmrc.gov.uk/pbr2008/business-payment.htm>

Guidance about the penalties

H M Revenue and Customs guidance about the penalties will be published on the website. In the meantime, if you want to know more, please see the information sheet at http://www.hmrc.gov.uk/payefactsheets/fpl_1.pdf or go to the FAQ's at www.hmrc.gov.uk/employers/payepenalties-fags.htm

INCOME TAX AND NATIONAL INSURANCE CHANGES

	<u>20010/11</u>	<u>2011/12</u>
Personal Tax Allowance	£6475	£7475
Tax starts at weekly wage	£124.50	£143.75
Normal Tax Code	647L	747L
<u>National Insurance Limits:</u>	<u>per week</u>	<u>per week</u>
Nil Payable but gives credit	£97 to £110	£102 to £139
Payable	(11%) £110 to £844 (12%) £139 to £817	
1% payable	over £844	over £817
Employer contribution	12.8% Over £110	13.8% over £139
<u>Statutory sick pay:</u>	<u>per week</u>	<u>per week</u>
Earnings over £97 (2010/11) and £102 (2011/12)	£79.15	£81.60 (nil for first three days)
<u>Statutory Maternity Pay:</u> 90% of average wage for first 6 weeks		
Standard amount (or 90% of gross wage if less)	£124.88 (for 33 weeks)	£128.73 (for 33 weeks)
<u>Statutory Paternity Pay / Statutory Adoption Pay:</u> (maximum two weeks)	£124.88	£128.73

Yours sincerely



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