

Getting help with your payroll and Auto Enrolment

Running your payroll can become quite complex even if you have only one employee. We provide a cost effective and friendly payroll service and will give you support and advice when you need it. We can also set up your Auto Enrolment Pension scheme, ensuring that you meet the obligations set out by The Pensions Regulator and avoid any fines. Clients often find that outsourcing their payroll is cheaper than their monthly subscription to their payroll software provider. Give us a call to find out how we can make outsourcing your payroll the best decision you have ever made.



Childcare Vouchers / Tax Free Childcare

Tax Free Childcare is a new government scheme to help working parents with the cost of childcare. The new scheme is more like a savings account, for every £8 a parent pays in, the government will pay in an extra £2. Parents can receive up to £2,000 per child, per year, towards their childcare costs, or £4,000 for disabled children.

This scheme will be available for children up to the age of 12, or 17 for children with disabilities. To qualify, parents will have to be in work, and each expecting to earn at least £115 a week. Each parent must not have income over £100,000 per year.

Restrictions on Salary Sacrifice Schemes

From 6 April 2017 some salary sacrifice schemes will no longer continue to offer the same savings on Tax and National Insurance contributions. Exempt from this will be schemes related to pension savings (including pension advice), childcare, cycle-to-work and ultra-low emission cars. Schemes in place prior to April 2017 will be protected until April 2018.

IR35 Changes

The intermediaries legislation (commonly known as IR35) looks at the relationship between an individual who operates through a limited company and the end user of their services. In short these rules will apply if it is deemed that, in the absence of the intermediary company, the individual would be employed by the end user. If this is the case HMRC will seek to charge employment taxes on the income extracted from the intermediary company, which may have a considerable effect on the total tax liability when compared to the usual low salary high dividend approach.

With effect from 6 April 2017 the onus for the application of the IR35 rules will shift for those working in the public sector. In these cases it will be the responsibility of the end user to determine whether or not the rules apply and, if they do, PAYE and NIC must be deducted from the intermediary's payments as appropriate. This will of course have an immediate cash flow impact for both parties and as a result the position should be considered and determined as soon as possible.

This continues to be a contentious area of legislation, so please do contact us if you have any queries.

Auto Enrolment Pension Contributions

The majority of small employers who have not yet reached their Staging Date will do so over the next 12 months. For those employees who have been enrolled into the scheme in 2017, the minimum 1% employer and 1% employee contributions will apply.

Auto Enrolment trigger remains at £10,000 and qualifying earnings bands remain aligned with the Lower and Upper Earnings



National Living Wage changes

The National Living Wage for employees aged 25 or over will rise from £7.20 an hour to 7.50 an hour from April 2017.

National Minimum Wage changes

The National Minimum Wage will now change every April starting April 2017. The rates from 1 April 2017 will be:

- 25+ £ 7.50
- 21 – 24 £ 7.05
- 18 – 20 £ 5.60
- 16 – 17 £ 4.05
- Apprentice £ 3.50

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'Changes from April 2017'...

Continued...

Tax and National Insurance changes from April 2017

Tax Codes

The Employee's personal allowance will be increasing to £11,500. The emergency tax code from 6 April 2017 is 1150L.

Current tax codes suffixes will need to be increased as follows:

- L + 50 points
- M + 55 points
- N + 45 points

Tax Bands – UK Rates

- 20% Basic - £0 to £33,500
- 40% Higher - £33,501 – to £150,000
- 45% additional – over £150,000

Employment Allowance

The annual Employment Allowance will remain at £3,000 for eligible employers.

Statutory Absence Rates

Weekly absence rates from 6 April 2017 are:

- SSP £89.35 per week
- SMP, SPP, SAP and ShPP £140.98 per week

National Insurance Contribution

Contribution rates remain unchanged. The Upper Secondary threshold and Apprentice Upper Secondary threshold remain aligned with the Upper Earnings Limit. However,

- LEL increases to £113 per week
- Primary and Secondary thresholds aligned at £157 per week
- Upper Earnings Limit increase to £866 per week

Student Loan thresholds

From 6 April 2017 the repayment threshold will be:

- Plan 1 £17,775
- Plan 2 £21,000

Our Specialist Payroll Team

We have a dedicated payroll team who are on hand and happy to help with any queries that you may have.

Emma Hawkins

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Call or visit our website to speak to a member of the team who will be happy to assist you with any queries that you may have.

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