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Payroll Data 2018/19



Income Tax

Income tax rates for employment income

2018-19		2017-18	
Band £	Rate %	Band £	Rate %
0 - 34,500	20	0 - 33,500	20
34,501 - 150,000	40	33,501 - 150,000	40
Over 150,000	45	Over 150,000	45

Scotland income tax rates for employment income

2018-19		2017-18	
Band £	Rate %	Band £	Rate %
0 - 2,000	19	0 - 31,500	20
2,001 - 12,150	20	31,501 - 150,000	40
12,151 - 31,580	21	Over 150,000	45
31,581 - 150,000	41		
Over 150,000	46		

	2018-19	2017-18
Personal allowance (PA) <i>(Reduce personal allowance by £1 for every £2 of adjusted net income over £100,000.)</i>	£11,850	£11,500
Marriage allowance 10% of the PA may be transferable between certain spouses where neither pay tax above the basic rate.	£1,190	£1,150
Married couple's allowance (MCA) (relief 10%) (Either partner born before 6 April 1935.) - min. amount	£8,695 £3,360	£8,445 £3,260
Reduce MCA by £1 for every £2 of adjusted net income over £28,900 (£28,000).		

Student Loan Repayments

Type of loan	Repayment threshold
Type 1	£18,330
Type 2	£25,000

Deductions for student loan repayments are made at a rate of 9% for the proportion of earnings above the relevant threshold.

National Minimum Wage

From 1 April 2018

	Apprentices*	Age 16-17	Age 18-20	Age 21-24	25 and over
National Minimum Wage	£3.70	£4.20	£5.90	£7.38	-
National Living Wage	-	-	-	-	£7.83

* under 19, or 19 or over and in the first year of their apprenticeship

Approved Mileage Rates

Employees who use their own cars or vans for business purposes may be reimbursed using HMRC's approved mileage allowance payments: 45p per mile for the first 10,000 miles and 25p thereafter.

Income tax and NICs may be due on higher reimbursement rates and tax relief may be available on lower rates.

Advisory fuel rates apply to employees using company cars – contact us for the latest rates.

Childcare

Employer-supported childcare (ESC), such as childcare vouchers, may be offered in addition to employees' pay or as a reduction in pay (commonly known as salary sacrifice). Under **salary sacrifice** the employee gives up pay, which is taxable and NIC-able, in return for childcare vouchers, which may not be. This may also save NICs for the employer.

The government has introduced a new Tax-Free Childcare (TFC) system, which is now open to all eligible families and operates via an online childcare account. Unlike ESC, the scheme is open to both employed and self-employed parents.

ESC was set to be closed to new entrants from April 2018, with members of existing ESC schemes being able to choose to remain in their existing scheme or switch to the new TFC scheme. The government has since announced that ESC will remain open to new entrants for at least a further six months beyond April 2018. Contact us for the latest position.

National Insurance Contributions

Class 1

	Employee (primary)	Employer (secondary)
Payable on weekly earnings of:		
Below £116 (lower earnings limit)	Nil	–
£116 - £162 (primary threshold)	*0%	–
Up to £162 (secondary threshold)	–	Nil
Above £162	–	13.8%
£162.01 - £892 (upper earnings limit)	**12%	–
£162.01 - £892 (under 21s and apprentices under 25)	–	0%
Above £892	**2%	–

**No NICs are actually payable but notional Class 1 NIC is deemed to have been paid; this protects contributory benefit entitlement. **Over state pension age the employee contribution is generally nil.*

Employment Allowance	up to £3,000 (per year)
Class 1A On relevant benefits	13.8%
Class 3 Voluntary	£14.65 per week

Statutory Redundancy Pay

Employees may be entitled to statutory redundancy payments if they have been continuously employed for at least 2 years.

Age	Number of weeks' pay
Each complete year of service aged below 22	½
Each complete year of service aged 22-40	1
Each complete year of service aged 41 or above	1½

A statutory limit of 20 years' service applies. The current statutory maximum pay is £508 per week.

Selected Rates

Basic Retirement Pension

– Single person	£125.95
– Couple	£201.45

New State Pension £164.35

Statutory Pay qualification – average weekly earnings (AWE) £116 or over.

Sick (SSP) The standard rate is £92.05 per week for up to 28 weeks.

Maternity (SMP), Adoption (SAP), Paternity (SPP) and Shared Parental Pay (ShPP) paid at the lower of £145.18 or 90% of AWE apart from first 6 weeks of SMP and SAP which are paid at 90% of AWE. **SMP** and **SAP** are payable for up to 39 weeks. **ShPP** is payable for up to the balance of the untaken SMP period. **SPP** is payable for up to 2 weeks.

Pensions

Under the pensions auto-enrolment regime, employers have a duty to automatically enrol all eligible jobholders into a pension scheme from the employer's staging date. The annual earnings trigger for eligible jobholders is £10,000 for 2018-19. Employers may calculate the pension contributions in a number of ways.

Where the employer works out the amount due based on a band of earnings between thresholds (the lower limit is £6,032 and the upper limit is £46,350 in 2018/19), the minimum overall contribution payable will be 8% of the employee's qualifying earnings, of which at least 3% must be paid by the employer. The contribution is being phased in as follows:

	Up to 5 April 2018	6 April 2018 - 5 April 2019	From 6 April 2019
Employer	1%	2%	3%
Employee	1%	3%	5%

Please note that employee contributions are shown gross (including tax relief).

Key Dates & Deadlines

Payment of PAYE and Class 1 NICs must clear by 22nd* of the month following the end of the tax month to which it relates.

Where estimated average monthly PAYE payments are less than £1,500, it may be possible to pay quarterly rather than monthly.

31 May	Issue P60s to employees
6 July	Forms P11D and P11D(b) – and appropriate copies to employees
19–22 July	Payment of 2017-18 Class 1A NICs
19–22 October	Payment of 2017-18 Class 1B NICs as part of a PAYE settlement agreement
30 December	Self Assessment Tax Return Online where outstanding tax (subject to cap) to be included in 2019-20 PAYE code

Under Real Time Information (RTI), most employers need to notify HMRC of payments and deductions made under PAYE *on or before* the time of payment.

**or the last bank working day before 22nd unless paying by Faster Payment. Cheques must be received by 19th.*

Tax Codes

Tax codes are used to calculate the amount of tax to deduct from an employee's pay or pension. A tax code normally consists of several numbers and a letter, eg 1185L. Multiplying the number by ten will indicate the total amount of income that can be earned before paying tax. The letter shows whether the code includes one of the standard allowances, as follows:

Code Usage

- L** Those eligible for the standard personal allowance; also used for emergency tax codes
- T** Other calculations are required to work out the personal allowance
- K** When total allowances are less than total deductions
- BR** All income is taxed at the basic rate
- S** Taxed using the Scottish income tax rates and bands
- N** Taxpayers who are 'transferors' under the Marriage Allowance
- M** Taxpayers who are 'recipients' under the Marriage Allowance
- OT** Personal allowance has been used up or a new employee does not have a P45/tax code
- D0** All income is taxed at the higher rate
- SD0** All income taxed at the Scottish higher rate
- D1** All income is taxed at the additional rate
- SD1** All income taxed at the Scottish additional rate
- NT** No tax is being taken from an income or pension

Meeting your payroll needs

Managing the payroll can be a time-consuming task, and many business owners choose to outsource their payroll function.

Under the **Pay As You Earn (PAYE)** system, employers face a raft of legal obligations related to paying their employees, and complying with the large number of payroll regulations can be challenging.

Monthly penalty charges of between £100 and £400 apply for employers failing to comply with their Real Time Information reporting requirements.

With tax and employment law becoming ever more complicated, we can relieve you of the burden of administering your payroll, helping you to:

- Control costs
- Save valuable time
- Concentrate on running your business

– and all with the added peace of mind that your business is fully compliant with the latest legal requirements.

How we can help...

Our comprehensive payroll service includes:

- Customised payslips
- Administration of PAYE, national insurance contributions, student loan repayments, statutory sick pay, statutory maternity pay etc
- BACS service
- Provision of regular reports and analysis of staff costs
- Completion of statutory forms to issue to your employees and submit to HM Revenue & Customs
- Construction Industry Scheme returns
- Administration of incentive schemes, bonuses and ex-gratia and termination payments
- Administration of pension schemes and auto-enrolment compliance.

To find out more about how our professional and flexible payroll services could benefit your business, please contact our experienced team today.