



# **MHA Monahans Payroll Newsletter**

## **March 2021**





Hello and welcome to the March 2021 Year End Payroll Newsletter.

In this edition we look at your statutory changes regarding National Living Wage, new rules for the Employment Allowance, details regarding new tax rates and thresholds from April, together with other changes to legislation.

- **CJRS: The Scheme has been extended to the End of September 2021** (Please remember Claims now have strict deadlines and need to be in by the 15<sup>th</sup> of the following month). For periods starting on or after 1 May 2021, you can claim for employees who were employed on 2 March 2021, as long as you have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 2 March 2021, notifying a payment of earnings for that employee. You do not need to have previously claimed for an employee before the 2 March 2021 to claim for periods starting on or after 1 May 2021
- Employees will continue to receive 80% of their wages until the scheme ends, but firms will be asked to contribute 10% in July and 20% in August and September as the scheme is gradually phased out.
- The Chancellor also confirmed the self-employment income support scheme has also been extended. The fourth grant will cover February to April, worth 80% of average trading profits up to £7,500.

Please do not hesitate to contact the payroll team if you have any queries:  
[payroll.swindon@monahans.co.uk](mailto:payroll.swindon@monahans.co.uk)

Kind regards,



**Neil Manuel**  
Payroll Manager





## National Minimum Wage Changes

Hourly Rate	1 April 2020	£ Increase	1 <sup>st</sup> April 2021
Workers above compulsory school leaving age, but under 18	£4.55	7p	£4.62
Workers aged 18-20	£6.45	11p	£6.56
Apprentices	£4.15	15p	£4.30
Adult 21 to 22	£8.20	16p	£8.36
Adult 23 and over (Previously 25 & Over) National Living Wage	£8.72	19p	£8.91
Accommodation Offset (Daily Rate)	£8.20	16p	£8.36

Apprentices are entitled to the minimum wage for their age if they both:

- are aged 19 or over
- have completed the first year of their apprenticeship

**Voluntary Living Wage** – From 1<sup>st</sup> November 2020 currently £9.50 (Rest of the UK) and £10.85 (London)

## Statutory Payments

### SSP – Statutory Sick Pay

Statutory Sick Pay		
Effective from the sixth day	April 2020	April 2021
Weekly Lower Earnings Limit	£120	£120 (No Change)
Weekly SSP Rate	£95.85	£96.35

## Parental Bereavement (Pay & Leave)

Bereavement pay and leave comes into effect from 6th April 2020. The Act has now been enshrined in law and is all parents in employment will have a day-one right to 2 weeks statutory leave if they lose a child under the age of 18 or have a stillbirth from 24 weeks of pregnancy. The qualifying day is the Saturday before the death. The employee has 56 weeks to take the leave either as one solid two-week period of leave or separate weeks and as such a lady on maternity can add this eligibility to the end of their Maternity Pay Period.

## Claiming the pay:

Employee will be required to complete a declaration form and it must be in writing within 28 days of the first day of the period payment is to be made/claimed. A new Declaration form is to be confirmed along with a new exclusion form to be confirmed for the employer (similar to SSP1/SMP1)



## Statutory Maternity, Paternity, Adoption & Shared Parental Pay

Type of payment or recovery	2021 to 2022 rate
SMP – weekly rate for first 6 weeks	90% of the employee's average weekly earnings
SMP – weekly rate for remaining weeks	£151.97 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Paternity Pay (SPP) – weekly rate	£151.97 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Adoption Pay (SAP) – weekly rate for first 6 weeks	90% of employee's average weekly earnings
SAP – weekly rate for remaining weeks	£151.97 or 90% of the employee's average weekly earnings, whichever is lower
Statutory Shared Parental Pay (ShPP) – weekly rate	£151.97 or 90% of the employee's average weekly earnings, whichever is lower
SMP/SPP/ShPP/SAP – proportion of your payments you can recover from HMRC	92% if your total Class 1 National Insurance (both employee and employer contributions) is above £45,000 for the previous tax year  103% if your total Class 1 National Insurance for the previous tax year is £45,000 or lower

## Income Tax rates – No change to the tax rates for 2021

PAYE tax rates and thresholds	2021 to 2022
Employee personal allowance	£12,570 per year
English and Northern Irish basic tax rate	20% on annual earnings above the PAYE tax threshold and up to £37,700
English and Northern Irish higher tax rate	40% on annual earnings from £37,701 to £150,000
English and Northern Irish additional tax rate	45% on annual earnings above £150,000



## Emergency tax codes

The emergency tax codes from 6 April 2021 are:

- 1257L W1
- 1257L M1
- 1257L X

## National Insurance

The Class 1 NICs thresholds for 2020/21 and 2021/22 are as follows

	2021/22	2020/21
<b>Lower earnings limit</b>	£120 per week £520 per month £6,240 per year	£120 per week £520 per month £6,240 per year
<b>Primary threshold</b>	£184 per week £797 per month £9,568 per year	£183 per week £792 per month £9,500 per year
<b>Secondary threshold</b>	£170 per week £737 per month £8,840 per year	£169 per week £732 per month £8,788 per year
<b>Upper earnings limit</b>	£967 per week £4,189 per month £50,270 per year	£962 per week £4,167 per month £50,000 per year

## Scottish Rates & Thresholds:

<https://www.gov.scot/publications/scottish-income-tax-2021-2022/>

## Welsh Rates:

<https://gov.wales/written-statement-welsh-devolved-taxes-and-welsh-rates-income-tax-draft-budget-2021-22>



### Student loan and postgraduate loan recovery

Rate or threshold	2021 to 2022 rate
Employee earnings threshold for student loan plan 1	£19,895 per year £1,657.91 per month £382.59 per week
Employee earnings threshold for student loan plan 2	£27,295 per year £2,274.58 per month £524.90 per week
Employee earnings threshold for student loan plan 4	£25,000 per year £2,083.33 per month £480.76 per week
Student loan deductions	9%
Employee earnings threshold for postgraduate loan	£21,000 per year £1,750.00 per month £403.84 per week
Postgraduate loan deductions	6%

### Company cars: advisory fuel rates

Use advisory fuel rates to work out mileage costs if you provide company cars to your employees.

These rates apply from 1 December 2020.

Engine size	Petrol – amount per mile	LPG – amount per mile
1400cc or less	10 pence	7 pence
1401cc to 2000cc	11 pence	8 pence
Over 2000cc	17 pence	12 pence

Engine size	Diesel – amount per mile
1600cc or less	8 pence
1601cc to 2000cc	10 pence
Over 2000cc	12 pence



## Employee vehicles: mileage allowance payments

Mileage allowance payments are what you pay your employees for using their own vehicle for business journeys.

You can pay your employees an approved amount of mileage allowance payments each year without having to report them to HMRC. To work out the approved amount, multiply your employee's business travel miles for the year by the rate per mile for their vehicle.

Find out more about [reporting and paying mileage allowance payments](#).

Type of vehicle	Rate per business mile 2021 to 2022
Car	<p>For tax purposes: 45 pence for the first 10,000 business miles in a tax year, then 25 pence for each subsequent mile</p> <p>For National Insurance purposes: 45 pence for all business miles</p>
Motorcycle	24 pence for both tax and National Insurance purposes and for all business miles
Cycle	20 pence for both tax and National Insurance purposes and for all business miles

## Employment Allowance

Restrictions from HMRC on claiming the £4000 allowance against the Secondary Class 1 NIC liability from April. You cannot claim the allowance if:

- Your Secondary Class 1 NICs liability for the previous tax year is £100,000.00 or more
- Employers who are connected must ensure that the cumulative value of all secondary Class 1 NICs or State aid across all connected companies does not exceed the relevant limits
- **Employers will have to claim the Employment Allowance every year to receive the relief as it will no longer be carried forward from one tax year to the next tax year. This means Employers will have to confirm they are still eligible for the Employment Allowance.**





## **IR35 Off-Payroll Working**

As part of the governments review due to the COVID-19 virus, a decision has been made to push the changes in IR35 back a further year to April 2021. This will mean the introduction of IR35 in the private sector has had a further year's delay. The rules therefore for the public sector will continue as per the 2017 legislation until that date, but these processes and the legislation may well change over the coming year and we will ensure you are kept up to date.

The current guidance and legislation however continue at present to be the rules once the scheme comes in to affect.

### **Who is involved?**

The consultations confirmed that these changes will apply to all but the smallest employers in the Private Sector. A worker will be involved in off-payroll working when they work for a client through their own intermediary, often a personal service company (PSC), managed services Company (MSC) or Limited Company (LTD) but could be another intermediary and who would be, but for this, an employee, if they were providing their services directly

The qualifying conditions are met by a company in a year in which it satisfies 2 or more of the following requirements:

- They have an annual turnover not more than £10.2 million
- Their balance sheet total not more than £5.1 million
- They employ less than 50 employees

HMRC have created a checking tool this can be found at <https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>

### **Termination Payments**

The new rules around Termination Payments were applied in April 2020. Clients will need to ensure they seek legal advice or get you HR department involved in the process to ensure these payments are dealt with correctly.

The main changes as of April 2020 are as follows:

- Payments above £30k are only subject to tax however this has change from April 2020
- Employers will now pay Employers Ni on any figures above £30k
- Termination payments are being monitored by HMRC especially around payments that are made tax free without any breakdown such as notice pay as these should be subject to Tax and Ni







## UK and its exit from the European Union

The UK has now left with a trade deal in place on the 1st January 2021. With the exit now having commenced there are a number of business and people considerations required:

- Requirements about new entrants from the EU must now be considered
- Requirements about trade and moving goods to and from the EU from Great Britain must also be considered by employers – Not including Northern Ireland due to the Northern Ireland Protocol
- Custom Declarations will be required when moving all goods to and from the EU, usually through a customs intermediary especially for controlled goods o Organisations must also check this with their supply chains
- Merchandise in baggage rules when bringing commercial goods in and out of the UK:
- An on-line declaration will be required for goods for sale or use for business when entering or leaving the UK, and;
- Value does not exceed £1,500 (€1,000 for Northern Ireland)
- Weight no more than 1,000kg
- not classed as excise or restricted goods

A declaration will also be required when moving £10,000 or more in or out of the UK.

**Moving Goods** - no tariffs or quotas on the movement of goods between the UK and the EU, where goods meet the relevant Rules of Origin.

### Travel between the UK and EU

Arrangements for airlines and hauliers that provides them with certainty and gives people the ability to travel to and from the EU easily. It also includes a social security agreement that has practical benefits for UK citizens including accessing healthcare when travelling in the EU

Other areas:

- Business/Financial Services
- Medicine
- Motor Vehicles
- Chemicals
- Food and Drink
- Mutual Recognition of Professional Qualifications
- Digital Trade.

### Settled Status

EU nationals who have lived and worked in the UK for five years by 31 December 2020 will be eligible to apply for "indefinite leave to remain"

Anyone who has not lived in the UK for the required period by the exit date can apply for "pre-settled status" which is automatically upgraded once five years' residency is reached. Irish Worker are exempt.







## Important Changes – DO NOT IGNORE

Please see changes to legislation & some helpful tips from April 2020.

- **New Starter Checklist introduced to include Student Loan 4:** [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/963434/Starter-checklist\\_English\\_2021\\_2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/963434/Starter-checklist_English_2021_2022.pdf)
- **ALL employees MUST provide their staff with a written statement of particulars from day 1. A contract is a legal requirement**
- 52 weeks rather than previous 12 weeks in holiday pay calculations for casual, zero hours & part time workers
- If you meet the criteria IR35 effective April 2021 please ensure you have done the necessary checks to your workforce
- Effective April 2020 please ensure you seek the relevant legal advice regarding Termination Payments
- **Employment Allowance please ensure your company is eligible for the allowance for the coming tax year**
- Parental Bereavement (Pay and Leave) comes into effect from 6<sup>th</sup> April 2021
- Please encourage your staff to setup their Personal Tax Accounts with HMRC. They can do this at <https://www.gov.uk/personal-tax-account> .Your staff can check HMRC have the correct details as well as having access to current and previous year tax & Ni records



## Budget 2021 Announcements – What you need to Know

- An extension of the Coronavirus Job Support Scheme to September 2021 across the UK. For periods starting on or after 1 May 2021, you can claim for employees who were employed on 2 March 2021, as long as you have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 2 March 2021, notifying a payment of earnings for that employee. You do not need to have previously claimed for an employee before the 2 March 2021 to claim for periods starting on or after 1 May 2021
- An extension of the UK-wide Self Employment Income Support scheme to September 2021, with 600,000 more people who filed a tax return in 2019-20 now able to claim for the first time.
- An extension to the temporary cut in Stamp Duty Land Tax in England and Northern Ireland until September will support the housing market and protect and create jobs.
- A new mortgage guarantee scheme will enable all UK homebuyers secure a mortgage up to £600,000 with a 5% deposit.
- £5 billion for new Restart Grants – a one off cash grant of up to £18,000 for hospitality, accommodation, leisure, personal care and gym businesses in England.
- A new UK-wide Recovery Loan Scheme to make available loans between £25,001 and £10 million, and asset and invoice finance between £1,000 and £10 million, to help businesses of all sizes through the next stage of recovery.
- Extension of the Film & TV Production Restart scheme in the UK, with an additional £300 million to support theatres, museums and other cultural organisations in England through the Culture Recovery Fund.
- Six-month extension of the £20 per week Universal Credit uplift in Great Britain, with the Northern Ireland Executive receiving additional funding to match the increase. A one-off payment of £500 to eligible Working Tax Credit claimants across the UK.
- Extension to the VAT cut to 5% for hospitality, accommodation and attractions across the UK until the end of September, followed by a 12.5% rate for a further six months until 31 March 2022.
- 750,000 eligible businesses in the retail, hospitality and leisure sectors in England will benefit from business rates relief.
- Extension of the apprenticeship hiring incentive in England to September 2021 and an increase of payment to £3,000.
- £7 million for a new “flexi-job” apprenticeship programme in England, that will enable apprentices to work with a number of employers in one sector.
- Additional £126 million for 40,000 more traineeships in England, funding high quality work placements and training for 16-24-year olds in 2021/22 academic year.
- More than doubling the legal limit for single contactless payments, from £45 to £100
- £90 million funding to support our government-sponsored national museums in England due to the financial impact of Covid-19.
- £300 million for major spectator sports, supporting clubs and governing bodies in England as fans begin to return to stadia.
- Small and medium-sized employers in the UK will continue to be able to reclaim up to two weeks of eligible Statutory Sick Pay (SSP) costs per employee from the Government.
- To further support the cashflow of businesses, the government is extending the loss carry back rules worth up to £760,000 per company.
- £100 million for a new Taxpayer Protection Taskforce to crack-down on COVID fraudsters who have exploited UK Government support schemes.







## HMRC Important Telephone Numbers:

Contact Subject	Number	Opening Times
Child Benefit	0300 200 3100	8am to 8pm Monday to Friday 8am to 4pm Saturday
Construction Industry Scheme (general)	0300 200 3210	8am to 8pm Monday to Friday 8am to 4pm Saturday
Tax (for employees)	0300 200 3300	8am to 8pm Monday to Friday 8am to 4pm Saturday
Tax (for employers)	0300 200 3200	8am to 8pm Monday to Friday 8am to 4pm Saturday
National Insurance (employees and employers)	0300 200 3500	8am to 5pm Monday to Friday Closed weekends
National Insurance Numbers (employees)	0300 200 3502	830am to 5pm Monday to Friday Closed weekends
Online Services Helpdesk	0300 200 3600	8am to 8pm Monday to Friday 8am to 4pm Saturday
Self-Assessment	0300 200 3319	8am to 8pm Monday to Friday 8am to 4pm Saturday
Tax Credits (general)	0345 300 3900	8am to 8pm Monday to Friday 8am to 4pm Saturday
VAT (general)	0300 200 3700	8am to 6pm Monday to Friday Closed weekends



**Bath**

Lennox House  
3 Pierrepont Street  
Bath  
BA1 1LB

01225 472 800

**Melksham**

5 King Street  
Melksham  
Wiltshire  
SN12 6HB

01225 790 029

**Chippenham**

14a Forest Gate  
Pewsham  
Chippenham  
SN15 3RS

01249 766 966

**Swindon**

38-42 Newport Street  
Swindon  
Wiltshire  
SN1 3DR

01793 818 300

**Frome**

Frome Market, Unit 11  
Frome  
BA11 2QB

01373 830 955

**Taunton**

Rumwell Hall  
Rumwell  
Taunton  
TA4 1EL

01823 462 400

**Glastonbury**

3 Landmark House  
Wirral Park Road  
Glastonbury  
BA6 9FR

01458 836 810

**Trowbridge**

Fortescue House  
Court Street  
Trowbridge  
BA14 8FA

01225 785 520