



PAYROLL NEWSLETTER

June 2015



Julie Perrin
Payroll Manager

It's that time of year again, will Murray win Wimbledon? Will we actually get a summer? And we let you know about some updates in the world of payroll.

Happy Birthday RTI

In April 2015 RTI celebrated its second birthday. To acknowledge this milestone, HMRC started to issue penalty notices for late RTI submissions!! They have recently issued guidance stating that they will "continue to issue risk-based penalties for the tax year 2015-16". They add that they "do not want to charge penalties but do want employers to report on time". If you have received a penalty notice and would like assistance with the appeals process please contact Julie or Sarah in the payroll department.

Changes announced to the Taxation of Expenses and Benefits in Kind.

It has been announced that from 6 April 2016 you can volunteer to tax certain benefits in kind via the payroll. There are only four benefits that can be treated this way; cars, car fuel, private medical insurance and subscriptions. The idea is that



these are taxed as and when they happen, rather than the current system of playing catch up 15 months later, once forms P11d have been submitted. The result should be that less coding notices will be issued and the individual's tax affairs are more up to date. This does appear to be the common sense approach by HMRC bearing in mind we have to report all salary payments on or before pay day. You should be able to register to volunteer for this function, on the HMRC website from July 2015.

Scottish Rate of Income Tax

Some news for our more northern clients; new rules come in, again

from 6 April 2016, for Scottish taxpayers.



A Scottish taxpayer is deemed as somebody whose main place of residence is in Scotland. Tax codes issued by HMRC for Scottish residents will end in the letter S. There is currently no change with the rate of tax being charged, but with Scotland being given more power to govern independently this may change eventually.

The end for Contracting-Out

Another change for the tax year ending 5 April 2016 is that being contracted out for National Insurance purposes will be scrapped. For most of our payroll clients affected by this, the table letter that your contributions are calculated on will change from D to A. This will result in the amount of National Insurance paid by both an employer and employee increasing. The employees who will see a difference in their net pay include members of The Teachers Pensions or the NHS.

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Change to the penalties for non-compliance with National Minimum Wage Rates

The Government has increased the penalties that are handed out to employers who do not comply with National Minimum Wage (NMW) requirement. For any

THE MYTHS AND FACTS ON MINIMUM WAGE

payments made to employees that do not meet NMW obligations the penalty is now **£20,000 per worker** instead of £20,000 per employer. This is a huge price to pay for non-compliance.

New Rates for National Minimum Wage

Whilst we are on the subject of the National Minimum Wage;

From October 2015 the new rates that have been announced will be:

- Adult rate will increase by 20 pence to £6.70 per hour
- The rate for 18 to 20 year olds will increase by 17 pence to £5.30 per hour
- The rate for 16 to 17 year olds will increase by 8 pence to £3.87 per hour

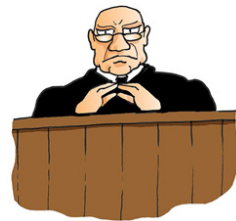
- The apprentice rate will increase by 57 pence to £3.30 per hour

Automatic Enrolment Presentations

It would not be a payroll newsletter without some mention of Automatic Enrolment (AE)! We have now shared our presentation on AE with numerous employers. This takes you through the entire AE process and provides guidance on the decisions that you will have to make as an employer. If you would like to attend one of the presentations please contact Julie or Sarah for the available dates. If you are one of the many that have received a letter from The Pension Regulator advising of your staging date and asking you to nominate a contact please let us know as we will be able to help you.

Automatic Enrolment is not something that can be ignored.

The number of penalties that The Pension Regulator has issued is steadily increasing due to employer's non-compliance. But do not worry we are here to help!



Holidays

Please note that Julie Perrin is on holiday from 3rd to 20th July inclusive and Chris Child will be assisting Sarah in the department over that period.



Sarah Lock



Chris Child

Disclaimer

This newsletter is intended to give general guidance only and no liability can be accepted for any action taken based on the information given.

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If you think this information might be useful to a friend or colleague, please pass it on.

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