



PAYROLL NEWSLETTER

December 2015



Julie Perrin
Payroll Manager

Welcome to the final Edmund Carr newsletter of 2015. What a year it has been, with, as some would say, a surprising result in the general election, the England cricketers regaining the Ashes, justice has it seems, caught up with Sepp Blatter (and who would have thought it would have been a payroll issue that started his downfall) and finally, and most importantly now you have to remember to take a carrier bag everywhere to avoid being charged an extra 5p!

Now, for some payroll news.....

Christmas Arrangement 2015

Our office will close at midday on Wednesday 23 December 2015 and will be open again from 29 December until 31 December (10am to 4pm). Normal office hours will resume from 4 January. If we process your payroll could we ask that you submit all payroll amendments as early as possible, as the team will have fewer working days in

the month to process these. If you normally pay your employees early in December please can you advise a member of the team when you will need the payroll run. This is especially important if we make payments by BACS on your behalf.

Living Wage

As you are all aware the National Minimum Wage rates increased in October. From April 2016, the Government are introducing the Living Wage. This will mean that all employees aged 25 and over will have to be paid £7.20 per hour. This is a significant increase from the current National Minimum Wage rate, for employees aged 21 and over, of £6.70. Obviously this is something that as business owners, you will have to take into account when preparing budgets going forward. Another point for your consideration is that this increase could also have a knock on effect with costings, when you hit your staging date for Automatic Enrolment. The Government want the Living Wage to be paid at a rate of £9 per hour by 2020.

Abolition of National Insurance contributions for apprentices under 25

Also from April 2016, employers who take on an apprentice, working under a Government recognised scheme, who is under the age of 25 and has a written agreement showing amongst other things a start and end date of the placement, will no longer have to pay employers NIC on earnings up to the



Upper Earnings Threshold, which for 2016-17 is £3583 per month. If you are processing a payroll and have this scenario, then you will use table letter H when setting up the employee's national insurance record.

Employment Allowance

As you are aware the Employment Allowance was introduced in April 2014, which meant that companies could reclaim up to £2000 against their annual employers National Insurance liability. From April 2016, this amount increases to £3000, but there is a sting in the tail! Limited companies where the director is the sole employee will now not be able to claim the employment allowance. At the time of going to press, and upon checking with the employer's helpline, we have had it confirmed that if you have a payroll with two directors who are the only employees on the payroll then they can claim the allowance! It seems very strange that one director payrolls are punished and cannot claim but two directors can. I would think that this loophole may well be tightened up before the introduction in April and we will let you know of any change as soon as we have it.

Continued



Continued from overleaf



Automatic Enrolment

It would not be a payroll newsletter, if we did not mention the hot topic of the moment. As a payroll department we now have been through the process of automatic enrolment with approximately a dozen clients. It has been a great learning curve for us and we like to think that we can translate some very complicated terminology into English! A majority of our clients who have used a master trust for their pension scheme, have elected to use The Peoples Pension, rather than NEST or NOW Pensions. Recently both The Peoples Pension and NOW Pensions have introduced charges, made to the employer, when setting up and using their schemes. It will be interesting to see how long it will take the government backed NEST option to introduce charges also. Our free presentations on Automatic Enrolment are ongoing and we have availability in January, February and March. So if you would like to attend please email Julie at JPerrin@EdmundCarr.com or Sarah at SLock@EdmundCarr.com

Automatic Enrolment but no PAYE Scheme

If you thought one article on AE was not enough I am spoiling you this time with a double header! If you are an employer and all of your staff that are paid under the lower earnings threshold, (for 2015-16 this is £486 per month), with this being their only job or income, then the company does not have to be registered for PAYE with HM Revenue and Customs. This means that the company will not have a PAYE reference number and therefore fall under the radar of The Pension Regulator for automatic enrolment purposes. We have raised this query with The Pension Regulator as employees in this circumstance will be classed as entitled workers and will have to be written to, advising that they have the right to join a pension scheme. Obviously with no PAYE reference the employer will not be given a staging date. In these cases, The Pension Regulator has deemed that the employer has a staging date of 1 April 2017 and they expect the employer to contact them to confirm their circumstances. If you fall under this category and need assistance please contact the payroll department.

CIS Paper Returns

For those of you who submit their monthly CIS return using the manual paper version, this is to be scrapped from April 2016. All CIS returns will have to be submitted electronically via the HMRC log in or third party software from this date.

AS THIS WILL BE THE LAST NEWSLETTER OF THE YEAR MAY WE TAKE THE OPPORTUNITY TO WISH ALL OF OUR CLIENTS A VERY HAPPY CHRISTMAS AND A PROSPEROUS 2016.



Sarah Lock



Chris Child



Amanda Dodd



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.

Edmund Carr LLP
December 2015
www.edmundcarr.com

email: advice@edmundcarr.com

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

Registered Auditors and Chartered Tax Advisers

Edmund Carr LLP, 146 New London Road, Chelmsford, Essex, CM2 0AW, UK
+44 0 1245 261818 www.EdmundCarr.com



David C Drain
Francis V Whitbread

Eric D Williams
Ray Grace
Colin A Barker

Stewart P Martin
Debbie J Wakefield

Registered Office: 146 New London Road, Chelmsford, Essex, CM2 0AW
Registered in England & Wales - Partnership Number OC333955
Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales

