



PAYROLL NEWSLETTER

JUNE 2018



Julie Perrin

It's that time of year again, for us to give you some pointers on payroll and we all live in hope that

can bring that cup home. Oh well, at least you will have some pointers on payroll!!

GDPR/ Data Protection Act 2018

As many of you are aware, the GDPR and Data Protection Act 2018 were introduced on 25th May 2018. At Edmund Carr we have taken this opportunity to look at everything we do. Certainly, from a payroll perspective we hold and send a lot of personal information regarding our clients, as well as their employees. Therefore, we want to put in place a more secure system of communication for this data and this has come in the form of our Virtual Cabinet Portal. This gives us the ability to upload all of the payroll & CIS reports that you would have received previously but in a more secure environment. For all of our payroll clients who previously had reports and payslips emailed, you will, if you have not already, receive an email advising that a document has been uploaded to the portal. You will then be asked to set



up a user name and password (don't worry you only have to do this once) and you will then be able to download and print or save your reports just as you did previously. In the cases where we email individual employee payslips they will receive the same email. Don't worry if you forget your password as there is a reset button! For those of you who would also like to send your payroll changes to us using this method, this is also available. Details of how you do this are on the help sheet that we will email over to you. Alternatively please call a member of the payroll team. We are not sure which set of initials is worse, RTI, AE or GDPR!!

Apprenticeship Levy

Just a friendly reminder that you should check to see if your business is liable to pay the Apprenticeship Levy. This was introduced in April 2017, and has to be paid by employers that have an annual wage bill of over £3 million. This also applies to connected companies that as a group have an annual wage bill of this amount. The levy is included when you pay the Tax and National Insurance liability each month.



Construction Industry Scheme

Nothing much has changed with the Construction Industry Scheme (CIS) in recent times but a quick refresher of the rules may be useful. Some of our clients are carrying out jobs that fall under the umbrella of CIS, and use sub-contractors to car-

ry out works on their behalf. When using a sub-contractor for the first time, they need to be verified with HMRC. To do this you will need their UTR number and/or NI number. If the sub-contractor is a limited company then you will also need the company registration number. This process needs to be carried out online before a sub-contractor is paid for the first time. If verification is successful, you will be advised to deduct 20% tax from all labour costs, or pay the sub-contractor with no deduction for tax. If advised to make no deduction for tax this means that the sub-contractor is registered to receive a gross payment. To obtain gross payment from HMRC you need to meet certain criteria. For more advice on this please contact us. If when verifying the sub-contractor it returns a result of being "unmatched" then you will need to deduct 30% tax. If a sub-contractor is unmatched there are a couple of possible reasons for this. One is the UTR and or company/NI numbers are incorrect. Alternatively, even if a sub-contractor is registered for self-assessment, there is a need to register separately with the CIS helpline to advise that they are working in the construction industry. Please note these tax deductions only apply to the costs of labour, not materials or VAT. CIS returns are normally submitted on a monthly basis and are due with HMRC by 19th of the month. For example, a return that covers payments made for work under CIS during the period 6th June to 5th July has to be reported by 19th July. If the 19th falls on the weekend then it will be due earlier. Any late return is subject to penalties starting at £100.



Termination Payments

From 6th April 2018 the rules on termination payment have been made clearer for payroll processors. Previously, we had the very dark cloud of whether a payment in lieu of notice should be subject to Tax and NIC. The critical point was whether receiving a payment in lieu of notice was mentioned in the employee's contract of employment. From the employers' viewpoint, they understandably would prefer to avoid the additional expense of employers NI and pension contributions but from the start of the current tax year all payments in lieu of notice are subject to the usual deductions. The £30,000 limit that can be paid as a redundancy payment is unchanged but when making a payment it is wise to have a breakdown of how the redundancy pay was arrived at. One of the first questions any HMRC inspector will ask when carrying out a PAYE inspection is "Have you made any payments free from Tax and NIC"?

Student Loan Deductions

There are two levels when making student loan deductions, these are known as Plan 1 and Plan 2. For Plan 1, anybody earning over £1,527.50 per month will be subject to a



Guidance
**2018 to 2019:
Student Loan
deduction tables**

Updated 9 March 2018

deduction of 9% on the earnings over this amount. For Plan 2 the earnings limit is £2,083.33 but the deduction remains at 9%.

New Childcare Vouchers Scheme

As mentioned in a previous payroll newsletter, the Government was going to scrap the existing childcare voucher set up for new entrants and replace it with more of a "bank account" for childcare savings. The new system was scheduled for 6th April 2018 but has been postponed for six months, therefore from 4th October any existing childcare schemes will be closed to new entrants. Just another thing for employers to bear in mind!

Payroll Fees

Unfortunately and at the risk of sounding very repetitive, in addition to the ongoing costs of RTI and AE we now have GDPR. As is our normal practice, we review our payroll fees in the first quarter of the new tax year and these will show a modest increase on last year.

Staff News



Gemma is leaving us at the end of June, to enable her to take up a part time role that means she can spend more time with her young daughter. Gemma's replace-

ment is Claire Cullum who will start shortly.

The Payroll Team



Hayley Prince



Kerry Powell

Julie Perrin

Payroll Department Manager

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

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

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www.EdmundCarr.com

Email: Advice@EdmundCarr.com

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



**ICAEW
CHARTERED
ACCOUNTANTS**

David C Drain
Francis V Whitbread
Colin A Barker

Eric D Williams
Ray Grace
Thomas C York ACCA

Stewart P Martin
Debbie J Wakefield

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