



PAYROLL NEWSLETTER

April 2019

Happy New Tax Year everyone!



Julie Perrin
Payroll Manager

Some of you may realise that the bi-annual payroll newsletter is slightly earlier than usual. This is because there is so much changing in the world of payroll that it seems sensible to communicate the changes to you as soon as possible.

Personal Allowance and Changes to Tax Bands

The standard personal allowance increased from £11,850 to £12,500 from 6 April. This results in all tax codes that end in the letter L automatically increasing by 65 points. Any employee whose tax code was 1185L at the end of the 2018-19 tax year, would have their code amended to 1250L automatically without notification from HMRC. If a coding notice is received from HMRC obviously this is operated instead. Also, when we start the new year, anybody who was taxed on a month 1 basis will now find their code is operated cumulatively.

The new tax bands that determine how much tax we pay in the new year are as follows:-

20% £0 - £37,500
40% £37,501 - £150,000
45% £150,001 and over

It should also be noted that personal allowances are lost gradually where income exceeds £100,000. The allowance is lost altogether when income reaches £125,000.

National Minimum & Living Wage Increases

The new rates that need to be operated from April 2019 are:-

Aged 25 and over was £7.83ph increases to £8.21ph (up by 4.9%)

Aged between 21 and 24 was £7.38 increases to £7.70 (up by 4.3%)

Aged between 18 and 20 was £5.90 increases to £6.15 (up by 4.2%)

Aged between 16 and 17 was £4.20 increases to £4.35 (up by 3.6%)

Apprenticeship rate was £3.70ph increases to £3.90ph (up by 5.4%)

Obviously these rates are easily checked when an employee is paid by the hour, but it is sometimes overlooked for salaried staff, so you do need to check that you are compliant with those employees also.

Automatic Enrolment Increase to Minimum Contributions

Just in case we have not had enough of rates going up.... Just a quick reminder the contribution levels for automatic enrolment pension schemes also increase from 6 April. How much they increase depends on the amount of salary that the employer chose to pension. The new rates are:-

	Total Earnings	85% of Total Earnings and Qualifying Earnings	Salary Only
Employee Gross Contribution	4%	5%	5%
Employer Contribution	3%	3%	4%
Total	7%	8%	9%



ChildCare Vouchers

Now for something employers do not have to worry about anymore! From October 2018, any new or existing employees who want to apply for childcare vouchers should be directed to www.gov.uk/get-tax-free-childcare. This will guide your employees through their eligibility to the scheme, and the best options available to them. Once successful, they will have access to an online account to enable them to deal with the day to day dealings of childcare requirements. Employees will need to confirm that they are eligible for the scheme every three months. This means that in all new cases, an employer does not show childcare vouchers on an employee's payslip as a deduction before Tax and National Insurance. Existing employees in the "old style" childcare scheme are unchanged.

Plan 1	£18,935	9%
Plan 2	£25,725	9%
Postgraduate Loans	£21,000	6%

It is possible that you could have an employee that, may be liable to repay either a Plan 1 or Plan 2 loan at the same time as a Postgraduate Loan resulting in a deduction of 15% of any monies over the thresholds.

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



Hayley Prince

Employment Allowance

Since its introduction in 2014-15, most employers can claim up to £3,000, against their Employers National Insurance liability during 2019-20. There are a few exemptions to this; one director payrolls cannot claim the allowance, employers that are "linked" to another company may not be eligible. Just a heads up, from April 2020, companies will only be able to claim the employment allowance if their employer's NIC bill was below £100,000 in the previous tax year.



Claire Cullum



Kerry Powell

Student Loans

From April 2019, there is a new category of student loan deductions that can go through the payroll. In the previous tax year there were two categories, Plan 1 and Plan 2. These are now joined by Postgraduate Student Loans. The income level for repayment and percentage of deduction are as follows:-

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

April 2019

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



David C Drain
Francis V Whitbread
Colin A Barker

Eric D Williams
Ray Grace
Thomas C York ACCA

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

