



PAYROLL NEWSLETTER

December 2019



Julie Perrin

Payroll Manager

Season's Greetings to all

Let us hope that 2020 finally gets Brexit done, and we do not have to see another ballot paper for a good few years.

Now onto the latest news from the world of payroll.



Termination Payments

The way that Termination Payments are calculated, is changing again. At present, only Tax is calculated on the balance of any Termination Payment over the £30,000. From the new tax year, any amount over £30,000 will now also be subject to Employers National Insurance.

Employment Allowance

Again, from 6 April, there is a

change that will mean that any employer, who in the previous tax year, had a total National Insurance liability over £100,000 will no longer be able to claim the £3,000 annual allowance. This will have to be checked manually, as most payroll software systems will not do this for you automatically. If you operate multiple PAYE schemes for companies that are "connected" then you can only claim one £3,000 allowance. Currently, if you claim the Employment Allowance then you only need to send one EPS and this would carry over for each subsequent tax year. From the new tax year, you will have to send an EPS for each tax year that you claim the Employment Allowance.

Student Loan Deduction Thresholds

There is going to be an increase to the current levels of Student Loan Deductions. From the new tax year, the levels for both Plan one and Plan two will increase as follows:-

Plan one - £19,390 (currently £18,935)

Plan two - £26,575 (currently £25,725)

The rate for repayments over these amounts will be un-

changed at 9%.

The threshold and rate for Postgraduate Loans will also remain unchanged. Currently, deductions are made on a salary over £21,000 with a repayment level of 6%.



Holiday Pay Calculations

Legally, all employees are due a minimum of 5.6 weeks holiday pay per year. This is broken down as 4 weeks holiday pay, along with 1.6 weeks that equates to the 8 bank holidays. Part time employees are still entitled to 5.6 weeks, this is just based on how many days/hours they work each week. Even if a part time employee does not work on a Monday, (this being the day that most bank holidays fall) then they do not miss out on the element of the entitlement.

In the past, holiday pay, especially for salaried employees would just be a straightforward calculation. Now, employees holiday pay will have

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to be calculated based on the hours worked in the previous 52 weeks rather than the previous 12. This will include regular, guaranteed and voluntary overtime, as well as commissions and bonuses. There have been numerous court cases on this subject but the latest one, *East of England Ambulance Service NHS Trust v Flowers and Ors (2019)* concentrated on whether voluntary overtime should be included and the judges agreed that it should. This will have a significant effect on employer's salary bills and Edmund Carr will seek advice from a specialist in employment law to clarify the situation. If you do have any queries, please contact a member of the payroll team.

The office will re-open at 10am on Tuesday 24th December and a skeleton staff will be available until 4pm. These hours will continue when the office re-opens on Friday 27th, Monday 30th and Tuesday 31st December. Normal office hours will resume on Thursday 2nd January.



May we take this opportunity to wish all our clients a very Happy Christmas and a Prosperous 2020.



Christmas Opening Hours

Our offices will close promptly at 12pm on Monday 23 December so that the partners can treat the workforce to a Christmas lunch.

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



Hayley Prince



Claire Cullum



Kerry Powell

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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December 2019**

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