

EMPLOYERS PAYROLL UPDATE

Increase to AE pension contributions, Payslip recording update and introduction Postgraduate loans



Employers' Update - There are several developments in payroll legislation coming into operation from 6 April 2019 and they are outlined briefly below. We would be happy to explain these changes, should you need further clarification please call the numbers below.

Auto-Enrolment (AE)

All organisations with eligible employees should now have an AE compliant pension scheme. The current minimum percentage of total pension contributions is 5%, with employers contributing a minimum of 2%. For the 2019-20 tax year the percentages will increase as follows:

- *Total pension contributions will increase from 5% to 8% of which a minimum of 3% should be employer contributions*

If we currently run your payroll and your scheme is set up for minimum contributions we will automatically process the increase in percentages from April 2019. Should your schedule vary from the minimum, please contact us with the relevant changes to contributions from April 2019.

We process all areas of AE administration alongside payroll to take the burden of keeping up with legislation and statutory correspondence away from our clients. If you are currently completing AE admin yourself and would like to free up your time to concentrate on your business, please contact us for a comprehensive list of our services and how we can help you.

Itemised Payslips

From April 2019 any varying or additional hours will need to be shown on employees' payslips and all employees are entitled to a payslip on or before their pay-date. If you have a salaried employee being paid 1/12th of their annual salary each month you would not need to show the hours on their payslip, however if you pay varying amounts or any overtime you must show the breakdown.

If we currently process your payroll we will contact you about the changes from 6 April 2019.

Postgraduate Loans

The Postgraduate Loan (PL) scheme comes in to effect from 6 April 2019 with a £21,000 threshold and a 6% deduction rate. It works in a similar way to Student Loans (SL) so you will receive PL notifications in the same way that you currently receive SL notifications.

Individuals can have a PL notification running concurrently with either a Plan 1 or 2 SL notification.

Apprenticeship Levy Funds

The Apprenticeship Levy was introduced in April 2017 and if you have been reporting this on an Employer Payment Summary through your payroll please remember that any funds you don't use will expire 24 months after they enter your account. For example, funds entering your account in April 2017 will expire in April 2019. Payments from your account to your training provider always use the oldest funds first. For more information read the [apprenticeship technical funding guide](#).

Our services:

- **Support with RTI and Auto-Enrolment**
- **Payroll processing and payment**
- **Telephone payroll support**
- **Administration of incentive schemes, bonuses and ex-gratia and termination payments**
- **Payroll training**

DNG's Payroll Team

The payroll team's core hours are 09.00 – 16.00 Monday to Friday and the contact details are as follows:



Jeanette **01604 657241**

Dawn **01604 657254**
Mary **01604 657233**

As always, if you have a query outside of the core hours please call **01604 657200** and our receptionist will be pleased to put you through to a colleague who can help.

EMPLOYERS PAYROLL UPDATE

Increase in National Minimum & Living Wage, changes to PAYE and NIC rates & thresholds & introduction of portals



National Minimum Wage (NMW) and National Living Wage (NLW)

From 1 April 2019 the new rates will be as follows:

- £8.21 per hour - 25 years old and over
- £7.70 per hour - 21-24 years old
- £6.15 per hour - 18-20 years old
- £4.35 per hour - 16-17 years old
- £3.90 for apprentices under 19 or 19 or over who are in the first year of apprenticeship.

Year end filing deadlines for 2018-2019

If we prepare your payroll we will send the final submission to HMRC on your behalf by the deadline of **19 April 2019** and will upload all employee P60s onto the Sage Portal prior to the deadline of 31 May 2019.

Statutory payments increases from 06 April 2019

Statutory Sick Pay (SSP) will increase from £92.05 to £94.25 per week

Parental payments - SMP/SAP/SPP/ShPP will increase from £145.18 to £148.68 per week

Tax codes and allowances

The personal tax allowance will be increased from £11,850 to £12,500 for 2019/2020. Employees can earn up to £240 a week and £1,041 a month before tax is applied. The emergency tax code for 2019/2020 will be 1250L, which is an increase of 65 points; this increase will also be applied to any tax codes with a suffix of L. Tax codes with a suffix of M will be increased by 72 pts and codes with a suffix of N will be increased by 59 pts. HMRC will advise via the P9 of any other changes.

The new tax rates per annum (excluding Scotland) will be:

- Basic rate 20% from £0 to £37,500
- Higher rate 40% from £37,501 to £150,000
- Additional rate 45% from £150,001 and above

If you have any employees who are Scottish residents they must ensure that HMRC are aware of their current address and employers must use the Scottish Income Tax (SIT) rates and thresholds.

National Insurance contributions - rates and allowances

From 6 April 2019 the threshold changes will be as follows:

£ per week	2018/19	2019/20
Lower earnings limit, primary Class 1	£116	£118
Secondary threshold	£162	£166
Primary threshold	£162	£166
Upper earnings limit, primary Class 1	£892	£962
Employees' primary Class 1 rate between primary threshold and upper earnings limit	12%	12%
Employees' primary Class 1 rate above upper earnings limit	2%	2%
Class 1A rate on employer provided benefits (1)	13.80%	13.80%
Employers' secondary Class 1 rate above secondary threshold	13.80%	13.80%

Portals

Further to recent correspondence with clients about changing the way we send and receive data, we have had a very positive response to this change with a good amount of clients going live for the February payroll. We hope the outstanding payrolls will be set up in March so employees can fully benefit from having all their 2018/19 payslips as well as their P60 in one secure place.

If you would like any help or further information regarding the above, or have any other payroll query, please do not hesitate to contact a member of the team.