

Payroll Newsletter

Spring 2019



Welcome to the latest edition of the Payroll newsletter - a regular round-up of the latest news and developments affecting payroll teams. Stay updated on upcoming legislative changes and receive useful hints and tips from our Payroll team.

With the Spring Statement confirmed for Wednesday 13 March 2019 —just over two weeks before the UK is due to leave the EU — I can't envisage that many changes will be confirmed.

With many new changes coming into effect in April 2019, our newsletter for this quarter will be focused on the closure of another tax year end and the beginning of a new one.

Our Payroll specialists can provide further information and advice on the content featured in this newsletter, so please contact us if you have any questions.

Best wishes

Hannah Dumenil
Payroll Manager

Annual Payroll deadlines

Task	Deadline
Send final payroll reports of the year	On or before your employees' payday
Update employee payroll records	From 6 April 2019
Give your employees a P60	by 31 May 2019
Report employee expenses and benefits (P11D)	by 6 July 2019

For clients who are on the Myepaywindow portal, P60s will be available for staff to view electronically rather than receiving a copy in the post.

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National Minimum Wage (NMW)

From April 2019, minimum pay rates will increase as below. If you would like a report detailing your staff's current hourly rate, please contact your payroll manager.

Age Category	Hourly Rate
25 and Over	£8.21
21 to 24	£7.70
18 to 20	£6.15
Under 18	£4.35
Apprentice	£3.90

Remember that only apprentices are entitled to the apprenticeship rate if they're either:

- Under 19
- Aged 19 or over and in the first year of their apprenticeship

Example: An apprentice aged 22 who has completed the first year of their apprenticeship is entitled to a minimum hourly rate of £7.70 as they are now into the second year of their apprenticeship.

Minimum pension contributions will increase on 6 April 2019

The minimum amount you and your staff pay into your automatic enrolment pension scheme will increase from 6 April 2019.

If you have eligible staff in an automatic enrolment pension scheme, you will need to make sure that at least the minimum amount is paid by you and your staff into the scheme.

If you don't have any staff in an automatic enrolment scheme, you don't need to take any further action.

Date effective	Employer minimum contribution	Employee contributions	Total minimum contributions
6 April 2019 onwards	3%	5%	8%

As we process the payroll on your behalf, we will increase the percentages to meet the total minimum contributions. If an employee is making fixed amount contributions, we will review that they meet the minimum contribution percentage. If you pay more than 3% contribution as an employer, we will adjust the employee contribution to meet the total minimum contribution.

Example: If you already contribute 4% as an employer, we will increase the employee contribution to 4% to ensure the total contribution is 8%.

Are you meeting NMW?

Certain deductions made by you from a worker's pay, or payments made by the worker, reduce pay for minimum wage purposes. Certain other deductions or payments do not reduce minimum wage pay.

Deductions or payments by a worker for expenditure connected with the job

Deductions that you make from a worker's pay, or payments made by a worker to you, for items or expenses that are connected with the job, reduce pay for minimum wage purposes. This could include, for example, safety clothing, uniforms, tools or other equipment needed for the job.

Example: If an employee earns £8.30 per hour, 40 hours per week, earning £332 and you are required to deduct £15 for uniform, the employee will then be paid below NMW. £332 less the £15 deduction leaves the employee with a weekly wage of £317 divided by 40 hours = £7.93 which is below NMW.

This has been highlighted in the news in the past year, with names such as Wagamama, TGI Friday's and Karen Millen, due to confusion over uniform costs.

New student loan deduction

The tax system will see the first repayments begin for a new loan type from 6 April 2019: the Postgraduate Loan (PGL).

Postgraduate Loans

There are two types of income-contingent student loan for postgraduate study in England and Wales.

- The Postgraduate Master's Loan was introduced in the 2016-17 academic year for taught master's courses. The total loan for the duration of the course was initially £10,000 but has increased to £10,609 since and varies in Wales.
- The Postgraduate Doctoral Loan of up to £25,000 was introduced for the 2018-19 academic year for taught and/or research-based courses. This loan is available for courses beginning on or after 1 August 2018.

The repayment rate for postgraduate loans is to be 6%, which is applied to income above a £21,000 threshold. These are repaid concurrently with other undergraduate student loans (Plan 1 or Plan 2). If an individual has more than one postgraduate loan, only one amount of 6% is taken that covers both loans.

Please update any checklist or starter forms you provide to your staff when they start with your company to include an additional box for postgraduate loans. HMRC have issued a [new starter checklist](#), so please ensure any personalised starter forms are updated.



Change in payslips from April 2019

From 6 April 2019, new legislation — known as the Employment Rights Act 1996 (Itemised Pay Statement) (Amendment) (No.2) Order 2018 — will change how UK employers provide payslips to their workforces.

From 6 April 2019, payslips will also have to include information about the number of paid hours the employee has worked, but only in situations where 'the amount of wages or salary varies by reference to time worked'. In these variable contexts, payslips will have to show hours worked either as:

- A single, combined amount, or
- An itemised list of hours worked for different rates of pay

Including this information on payslips means that variable-time employees will not only find it easier to reconcile their pay with their work hours, but to establish whether they are being paid the national minimum wage by their employers.

Our payslips are already set up to separate the hours based on variable pay components. However, we require that when providing us with the payroll data you separate the number of hours worked for staff if it is different month-on-month and not a salaried member of staff.

First payroll-deducted Lifetime ISA launched

With financial well-being rising up the corporate agenda, reducing pension allowances and an increasing millennial workforce focused on saving for short to mid-term life events, now is the time to consider alternative workplace savings propositions.

Contributions to a Lifetime ISA (Individual Savings Account) can be made via payroll deductions on a 'net pay' basis, attracting a 25% bonus, irrespective of tax-paying status.

Savers can contribute up to £4,000 a year into a Lifetime ISA (LISA) from the age of 18 to 50 and rather than offering tax relief, savers get a 25 per cent contribution from the government instead.

PAYE: end-of-year expenses and benefits (P11D)

We will begin to start requesting data for P11D processing by the end of March.

There is no need for you to include details of expenses reimbursed via the payroll where both PAYE and NIC have been deducted at source. PAYE and/or NIC (deducted via the payroll) is due on any personal employee liabilities that are reimbursed or settled by the company. For example; if an employee has a personal mobile phone contract and this cost is reimbursed by the company, the value of the benefit is subject to both PAYE and NIC. If it is settled directly by the company, NIC should be deducted through the payroll and the benefit also included on the P11D for income tax. PAYE and NIC should also be deducted on benefits paid in cash or readily convertible into cash.

Car benefits are taxable by reference to both the list price of the car (including all extras) when new and its CO2 emissions. Please ensure that you include this information in the details you send in, particularly in the case of any vehicle changes during the year. Please let us know if any private fuel has been provided, as that is dealt with separately.

Penalties

HMRC can now charge significant penalties where documentation is filed late or inaccurately. I recommend you ensure that your end of year returns are submitted in good time to reach HMRC before the annual payroll deadlines (see page 1).

1. Failure to submit an end of year return (forms P60, P38(S)) can incur a penalty of £100 for each 50 employees (or part thereof) for each month the return is late.
2. Failure to submit forms P11D or P9D incurs a penalty of £300 per form. Once imposed, this can be increased to £60 daily.
3. There is a late filing penalty for forms P11D(b) of £100 for each 50 employees (or part thereof) for each month the return is late. This is limited to the Class 1A liability due.
4. The penalty for an incorrect end of year return is tax and national insurance contribution geared such that the penalty can be a maximum of 100% of the tax and national insurance under-declared.

Legal obligations

P11D/P9D

A copy of form P11D/P9D (as required) must be made available to each director and employee who was on the payroll at 5 April 2018 - even if they have since left - by 6 July 2019. Information on benefits and expenses must also be given to employees leaving before 5 April 2018 on request. Forms P11D/P9D must include the cash equivalent of each benefit. In most cases, this will be the cost incurred by the employer, less any amount made good by the employee.

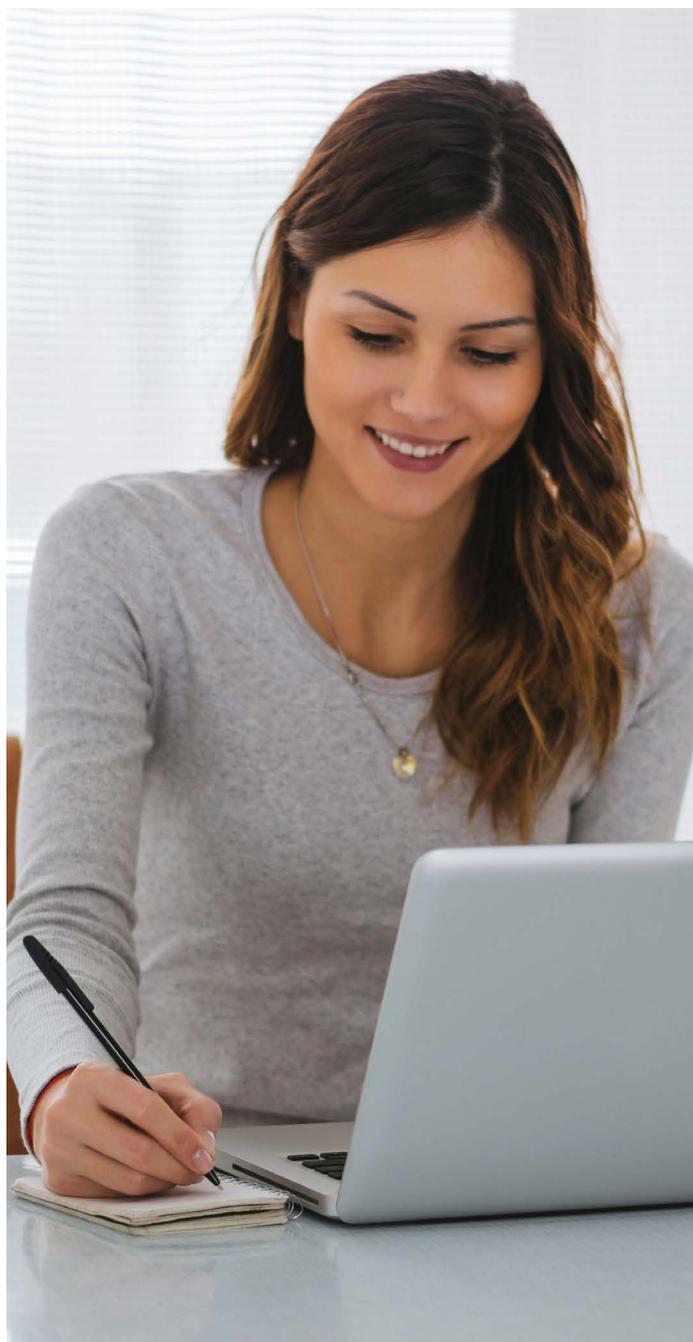
Expenses and benefits to disclose on a P11D

1. The value of assets transferred to the employee, i.e. cars, property, goods.
2. Payments made on behalf of the employee.
3. Vouchers given to the employee.
4. Credit card payments made by the employee.
5. The cash equivalent of living accommodation provided for the employee to his family/household.
6. Mileage allowances and passenger payments made to the employee.
7. Car(s) provided to the employee.
8. Fuel for private motoring provided to the employee in respect of the car(s) in point 7 above.
9. Van(s) provided to the employee with an element of private use.
10. Interest free/low interest loans provided to the employee.
11. Private medical treatment/insurance provided to the employee.
12. Relocation expenses/benefits of the employee.
13. The value of any services provided to the employee.
14. The annual value of any assets placed at the disposal of the employee.
15. Share-related benefits given to the employee.
16. Other items paid on behalf of the employee, i.e. subscriptions and professional fees.
17. Expenses payments made to, or on behalf, of the employee:
 - Travelling and subsistence payments.
 - Entertainment.
 - General expenses allowance for business travel.
 - Payments for use of home telephone.
 - Other expenses not included elsewhere.

Myepaywindow – Online portal

As a reminder, we recommend that clients use the portal as soon as possible, as this is the most secure way of sending payslips to staff. Staff will be able to set their own username and password. This allows staff to have access whilst on the move via staff phone, tablet or laptop. Myepaywindow also allows documents such as P60, auto-enrolment letters and P45s to be available for staff to view as well as payslips.

If you are interested in the portal, please contact your payroll manager for a login to view the layout for staff.



Testimonials

At Rickard Luckin, we are very proud to work with a wide range of clients in many different sectors.

As part of our new marketing strategy, we are developing a number of case studies where we will be showcasing some of our wonderful clients and demonstrating how we have supported them. We'd love to include you as one of our case studies, so here's a little more information to help you decide whether you'd like to take part.

The case studies will tell your story; how your organisation or business has developed and grown, the challenges you may have faced along the way and how Rickard Luckin has helped you to overcome them.

So how would it work?

In terms of time commitment, we'd be looking for no more than 1.5 hours of your time on site at your premises.

1. We'd arrange a convenient time to visit you at your premises to undertake a brief interview with one of our writers. You will be able to see the questions in advance so there will be no surprises and you are 100% comfortable with what we will be asking before we even arrive.
2. At the same time, a photographer would capture images to profile you within your business to help bring your story to life in the context of your day-to-day surroundings (this is optional and an interview can be conducted over the phone).
3. We would then write this up into a case study (2 pages of A4 or A5) using the content from the interview along with a testimonial quote about how Rickard Luckin has supported you. This is your story and we are very much 'supporting cast', so this quote helps connect your business story to how we have worked with you.
4. You will review and approve the final case study to make sure you are comfortable with the final version.
5. The case study will be published in printed form (for us to use with prospective clients) and on our website

If you'd like to participate, please contact Hannah Dumenil.

Meet your payroll team

We work in partnership with many clients, acting as an extension of your team.



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