

Pay Times | October 2009

HELPING YOU AS AN EMPLOYER



Welcome to this issue of Price Bailey's Pay Times, produced by our Employer Consulting Team to help employers keep up to date with legislative changes and payroll procedures.



Employer Consulting

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Employer Supported Childcare

Would you like to receive up to £373 per annum for giving your employees the equivalent of up to a £2,000 pay rise?

By paying up to £55 per week of your employee's salary as vouchers for your employee to use towards childcare, you can save around £370 in employer's National Insurance Contributions (NIC) each tax year on each employee who participates in the voucher scheme. Your employees will also benefit from great savings too – a typical taxpayer can save more than £900 in tax and NIC in a year.

If you would like further information on tax efficient childcare schemes, email us at employerconsulting@pricebailey.co.uk.

National Payroll Week

7 to 11 September 2009 was National Payroll Week, supported by the Institute of Payroll Professionals. National Payroll Week recognises the difficult job that payroll professionals have; with ever-changing legislation and pay structures to consider, payroll professionals play a key role in many businesses. Did you know that*:

- The taxes collected by payroll professionals represent almost 50% of the taxes that the Government receives
- Annually, UK payroll professionals pay over £200 billion, in statutory deductions, to HMRC
- Payroll professionals pay more than 50 million people every month, involving 1,000 different regulations

Payroll is no longer just writing cheques for employees!

*taken from an IPPM publication.

Statutory Redundancy Pay

With effect from 1 October 2009 the maximum pay which qualifies for statutory redundancy was increased to **£380 per week**.

If you are currently making redundancies and have followed all the correct procedures, you must also ensure your policy reflects this change.

If you need guidance on terminating an employee's contract of employment – which payments to make, what tax treatments to apply and what procedures to follow, please contact us at employerconsulting@pricebailey.co.uk.

“ There will be a new 50% tax band introduced with effect from April 2010. However this will affect only employees receiving a taxable salary package in excess of £150,000 per annum. ”

Swine Flu and how to help avoid it

Swine Flu is now a global pandemic. If you are concerned about your employees, their health and their absence records, you should ensure you are doing all you can to help stop the spread of the virus.

Measures can include:

- Cleaning desks and other surfaces frequently
- Using barriers, such as screens, in the office
- Displaying signs to remind people of good hygiene
- Providing an effective hand sanitiser in your kitchens and toilets
- Providing your employees with a copy of the NHS leaflet 'Important information about swine flu'

If you or any of your employees are concerned about swine flu, you can contact the National Pandemic Flu Service on 0800 1 513 100.

False Self-Employment in Construction

HMRC is inviting comment on its proposals for addressing employment status in the construction industry. Legislation is expected soon which will treat all construction workers as employees for PAYE/NIC purposes unless they can pass at least 1 of 3 tests, which are that the worker should provide:

1. The plant and equipment (excluding basic tools)
2. All the materials
3. Other workers

The immediate impact of the new rules will be to add employer's NIC to the cost of engaging most construction workers. Confusingly though, it is not expected to confer employment law rights.

The consultation period ends on 12 October and the new legislation is expected soon afterwards. You can email your comments to HMRC on construction.consultation@hm-treasury.gov.uk. HMRC's booklet "False self-employment in construction: taxation of workers" is available on their website.

Tips and the Minimum Wage (NMW)

With effect from 1 October 2009, employers can no longer include any tips in a National Minimum Wage payment made to an employee. If your business may be affected by this and you need further advice, please speak with your usual payroll contact.

National Minimum Wage (NMW)

From 1 October 2009 the NMW increased as follows:

Aged 22 and over to £5.80 per hour
18 to 21 year olds to £4.83 per hour
16 and 17 year olds to £3.57 per hour

Minimum Weekly Earnings for Apprentices

Last year it was announced that Apprentices would be entitled to an increase in their minimum earnings. Please note that from 1 August 2009, the minimum earnings rate has increased from £80 to £95 per week.



Government Website Error

We wish to alert you to a fault in the redundancy calculator located on the Directgov website.

There is currently a problem calculating redundancy payments for any person over the age of 80 years old.

If you need assistance in making redundancy calculations, please contact us.

Q & A – Statutory Paternity

Our clients often turn to us for payroll advice. Here are some questions that we have been asked recently together with the answers that we gave.

Q. Who qualifies for Statutory Paternity Leave (SPL)?

In birth situations, the child's biological father, the spouse, partner or civil partner of the mother (including same-sex relationships) can apply for statutory paternity leave, providing that this individual will have responsibility for the child's upbringing.

Q. How much is Statutory Paternity Pay (SPP)?

Statutory Paternity Pay is £123.06 per week from April 2009. An employee receiving SPP should therefore be paid the lower of £123.06 or their average weekly salary.

Q. Does an employee have to provide me with a certificate to confirm their partner is having a baby?

Your employee should complete a form SC3 to declare that they meet the criteria to be eligible for SPP and SPL (Statutory Paternity Leave).

Q. How much SPL can an employee take?

Statutory Paternity Leave is currently a maximum of two weeks and these must be consecutive weeks. Alternatively, the employee can choose to take only one week's leave.

Agricultural Wages

From 1 October 2009 the agricultural wage rates for England and Wales are:

Grade 1	from £5.74 to £5.81 per hour
Grade 2	from £6.26 to £6.40 per hour
Grade 3	from £6.89 to £7.04 per hour
Grade 4	from £7.39 to £7.55 per hour
Grade 5	from £7.82 to £8.00 per hour
Grade 6	from £8.45 to £8.64 per hour



For further information on payroll and employee related issues, including anything in this newsletter, please contact your usual payroll contact or email either payroll@pricebailey.co.uk or employerconsulting@pricebailey.co.uk.

www.pricebailey.co.uk