

BURGESS HODGSON LLP

PAYROLL END OF YEAR FACTSHEET

6th April 2017 to 5th April 2018

2017/18 END OF YEAR PROCESS:

- **5th April 2018 = Final RTI FPS** (Full Payment Submission) Submission deadline to HMRC.
- **19th April 2018 = EPS Deadline** (Employer Payment Submission for any Statutory Recovery or CIS deductions suffered) and amendments to final submission deadline, note this may incur late filing penalties if changes to employee payments made.
- **Year end – Final FPS must be submitted by 5th April 2018**

2018/19 TAX YEAR PAYROLL CHANGES:

➤ **Tax Threshold & Statutory Rates:**

- PAYE Tax Threshold; £11,850 per annum (£987.50 pcm)
- Basic Tax Rate UK; 20% on annual earnings from £1 to £34,500
- Higher Tax Rate UK; 40% on annual earnings from £34,501 to £150,000
- Additional Tax Rate UK; 45% on annual earnings over £150,000 (*no change*)
- Emergency Tax Code; 1185L
- Tax Code Uplifts; L = +35, M = +38
- NI Lower Earnings Limit (LEL); Increase to £6,032 per annum (£502.66 pcm, £116 per week)
- Primary Threshold (PT) – Increase to £8,424 per annum (£702.00 pcm, £162 per week)
- SMP; 90% Average Weekly Earnings for first 6 weeks, increase to £145.18 per week or 90% average weekly earnings, whichever is lower for remaining 33 weeks
- SPP; £145.18 per week or 90% average weekly earnings, whichever is lower
- SAP (Statutory Adoption Pay); 90% Average Weekly Earnings for first 6 weeks, £145.18 per week or 90% average weekly earnings, whichever is lower for remaining 33 weeks
- SSP: Increase to £92.05 per week.
- SMP/SPP/SAP Recovery; 92% Large Employers (NIC above £45,000 pa for previous tax year) or 103% Small Employers (NIC below £45,000 pa for previous tax year)

➤ **Student Loans:**

- Plan 1; Annual threshold increased to £18,330
- Plan 2; Annual threshold remains at £25,000

➤ **Employment Allowance (EA) £3,000 available for 2018/19 tax year:** deducted from Employers National Insurance paid during the tax year.

➤ **Scottish Tax:** Rates changed with introduction of new thresholds

- 19% on annual earnings 0 - £2,000
- 20% on annual earnings £2,001 – £12,150
- 21% on annual earnings £12,151 – £32,423
- 41% on annual earnings £32,424 – £150,000

- 46% on annual earnings £150,001 and above
- **National Minimum Wage and National Living Wage:** Increase from 1st April 2018;
 - £7.83 per hour – 25 yrs old and over
 - £7.38 per hour – 21-24 yrs old
 - £5.90 per hour – 18-20 yrs old
 - £4.20 per hour – 16-17 yrs old
 - £3.70 per hour – apprentices under 19 or 19 or over in first year of apprenticeship
- **Auto Enrolment:** Proposed qualifying earnings increased to lower level £6,032 (£503 pcm) and upper level £46,350 (£3,862.50 pcm). Minimum contributions increased to 5% total, with 3% employee and 2% employer as standard minimum.
- **Apprenticeship Levy:** As per last year, all companies with 'Pay Bill' (employee earnings subject to Class 1a NIC) of £3 million and over in 2017/18 and expected to be over £3 million in 2018/19 (total pay bill for all connected companies) must pay a 0.5% Apprenticeship Levy. An annual allowance of £15,000 is available to offset against the levy which is applied cumulatively across the tax year (£1,250 pcm).
- **BIK Cars:** If registered before 6 April 2018 or 'pay rolled' in the 2017/18 Tax Year, this must continue to be reported via payroll.
- **Termination Payments;** From 6 April 2018, income tax, class 1 NIC for employee and employer is due on all Pay In Lieu of Notice (PILON) payments. From April 2019, Class 1A NIC will be introduced for employer on non-contractual termination payments over £30,000. From 6 April 2018, foreign service relief will no longer be available for employees who are resident in the UK upon termination.
- **Gender Pay Gap Reporting;** Reminder that all employers with over 250 employees are required to register with the governments GPGR service and publish statutory calculations each year showing how large the pay gap is between their male and female employees. There are 2 sets of regulations which carry different reporting deadlines as follows;
 - Private and Voluntary Sectors – Effective 5 April 2017, Deadline to report 4 April 2018
 - Public Sector – Effective 31 March 2017, Deadline to report 30 March 2018