SD Worx

Legislation update 2023

P Simon Parsons MSc FCIPPdip MBCS | 21/02/2022

Disclaimer: The presentation does not provide definitive answers to individual queries, and in some places takes views on matters which are uncertain. It is not intended to be relied upon in any specific context or as a substitute for seeking advice (legal or otherwise) on a specific circumstance, as each case may be different.

Welcome

Introduction & agenda

Tax

National Insurance

Statutory Payments

National Minimum Wage

Pension AE

Student Loans

Arrestments

Reminders

P Simon Parsons MSc FCIPPdip MBCS – SD Worx Director of UK compliance

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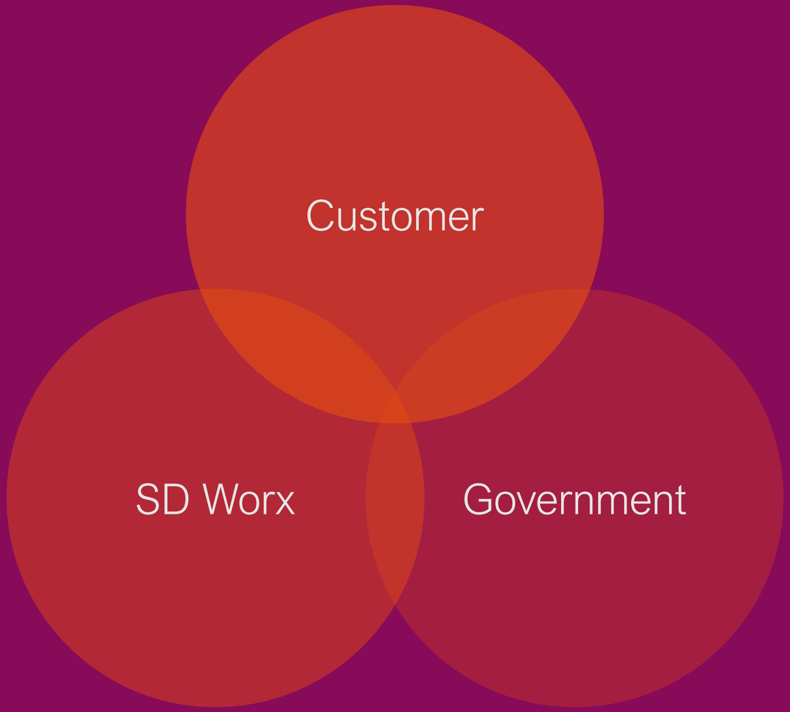
@PSimonParsons

P Simon Parsons

- Honorary Chairman, BCS Payroll Specialist Group (The Chartered Institute for IT)
- Chair, IReeN the electronic exchange with government user network

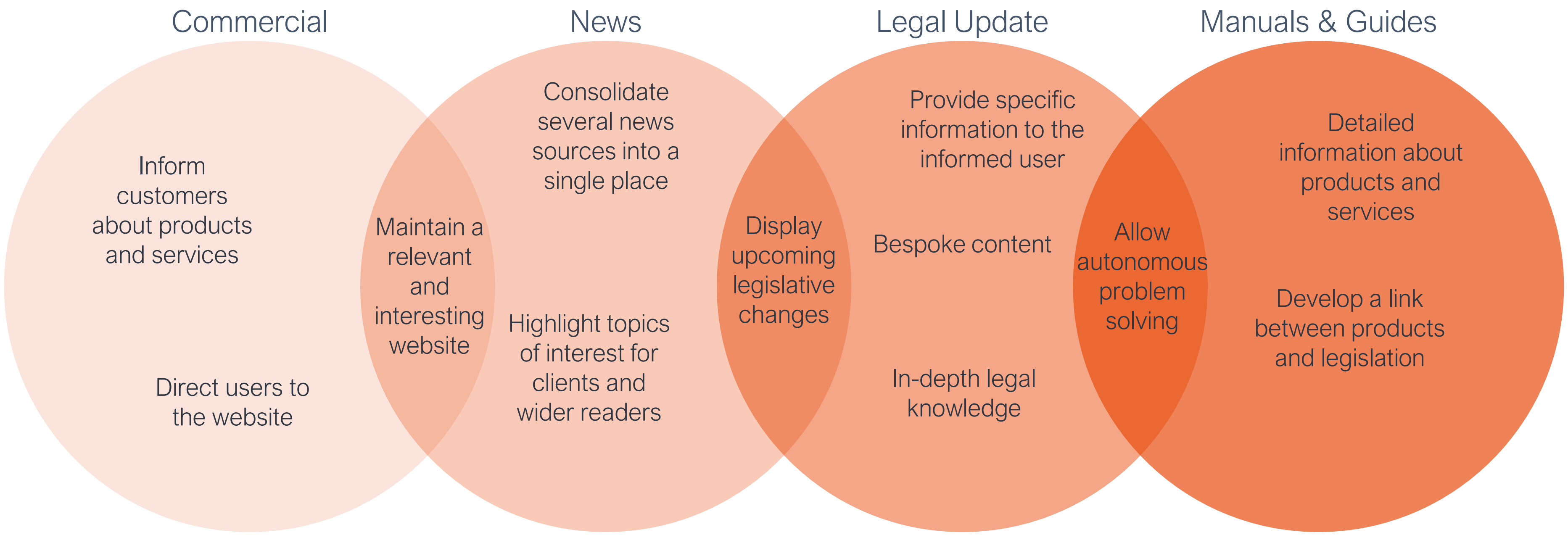
- HMRC: RBSG; EPG, BIB
- HMRC/DWP/BEIS: SPCG
- HMRC/BEIS/SLC: CSL
- Pension PIP and Pension BIB

Thinking & acting outside in.
Agility.
Connecting.



Customers
Educate
Risk
Compliance
Prioritise
Opportunity

Delivery of UK Knowledge



Marketing material including blog articles, emails, flyers & videos etc

Regular news style articles on a range of topics based on government and official body sources

Bespoke academic style articles/updates around a particular legal topic

Detailed product guides specific to SDWorx customers

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Knowing the customer journey

"Companies need to understand the journey their customer goes through, as the aim of customer intimacy revolves around forming long-term connections; they should have a journey map."

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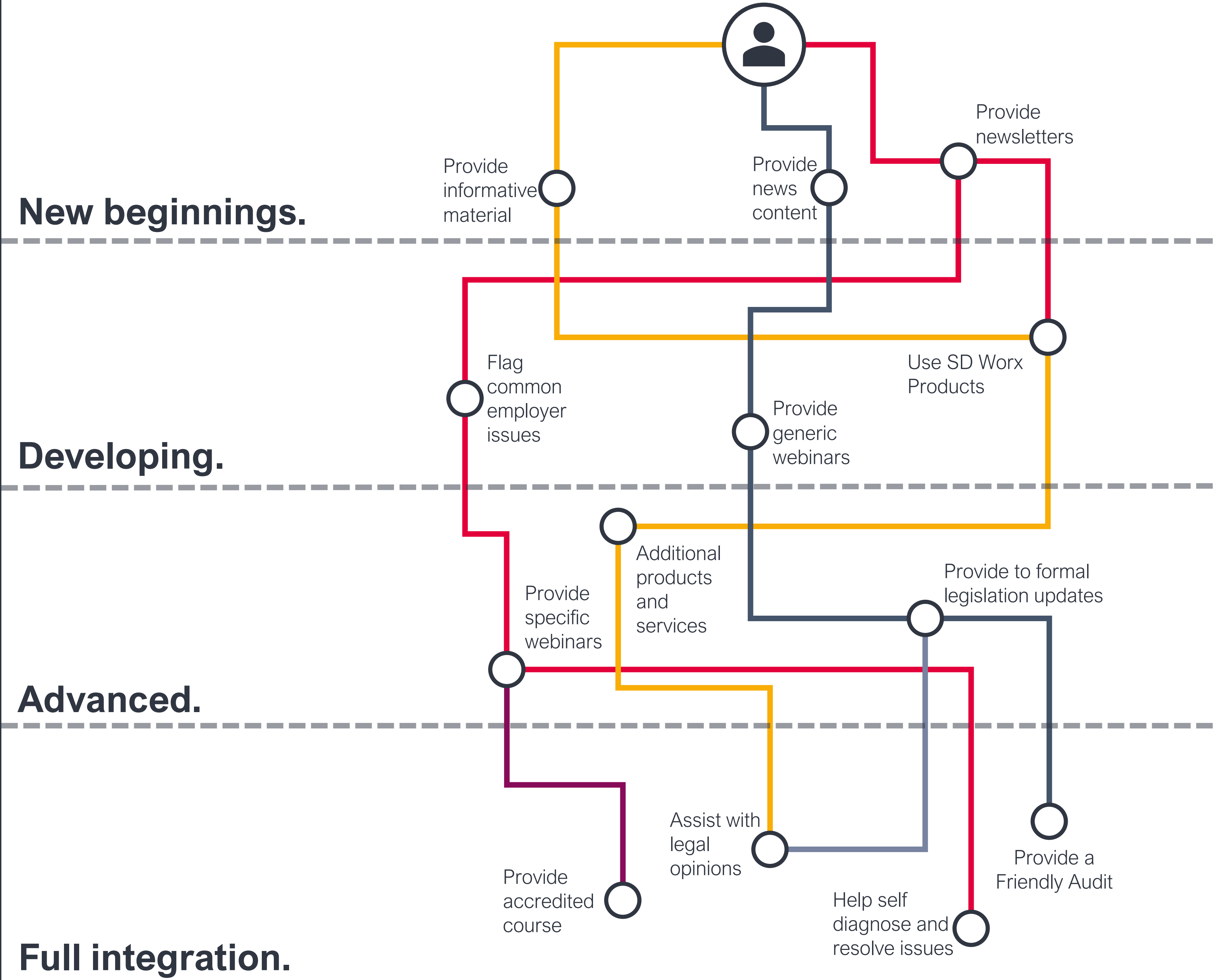


Visit sdworx.co.uk

Visit payhr.uk

The UK Knowledge site

Solutions Our customers About us Resources Events & Webinars Login Contact us

Home > Our Solutions > Payroll Services & Solutions From A Leading Provider > SD Worx Payroll, HR and Legal Services

SD Worx Payroll, HR and Legal Services

Maintaining your compliance with ever changing UK HR & Payroll legislation is a challenge and administrative burden for you and your business. We know the risk and impact of non-compliance can affect your reputation, employee engagement and financial security.

With vast experience in applying complex legislation and regulations to Payroll and HR solutions and processes, our experts can support you.

Discuss how we can help you

Our team of in-house specialists and partners offer a range of preventative and remedial services specifically designed to help you stay ahead when it comes to Payroll, HMRC and UK employment law.

- Specialist seminars, webinars and training
- Process audits and reviews
- Consulting and advice

Reminders – New Starters

Declaration C tax code 0T/1

- Treated by HMRC as employer error
- Don’t wait for the P45
- Obtain a signed new starter declaration
- Get the student loan declaration correct

Don’t make up NINOs

Income Tax: England and Northern Ireland

Band	23/24	Rate
Personal Allowance	£12,570	0%
Basic Rate	£12,571 to £50,270	20%
Higher Rate	**£50,271 to £125,140**	40%
Personal allowance reduced by £1 for every £2 earned above £100,000		
Additional Rate	**Over £125,140**	45%

Income Tax: Scotland

Scottish Tax bandwidths and rates – effective from 6th April 2023		
Starter Rate	10% + 9% = 19%	£1 – £2,162
Basic Rate	10% + 10% = 20%	£2,163 – £13,118
Intermediate Rate	10% + 11% = 21%	£13,119 – £31,092
Higher Rate	30% + **12% = 42%**	£31,093 – **£125,140**
Additional Rate	35% + **12% = 47%**	**£125,141** and above

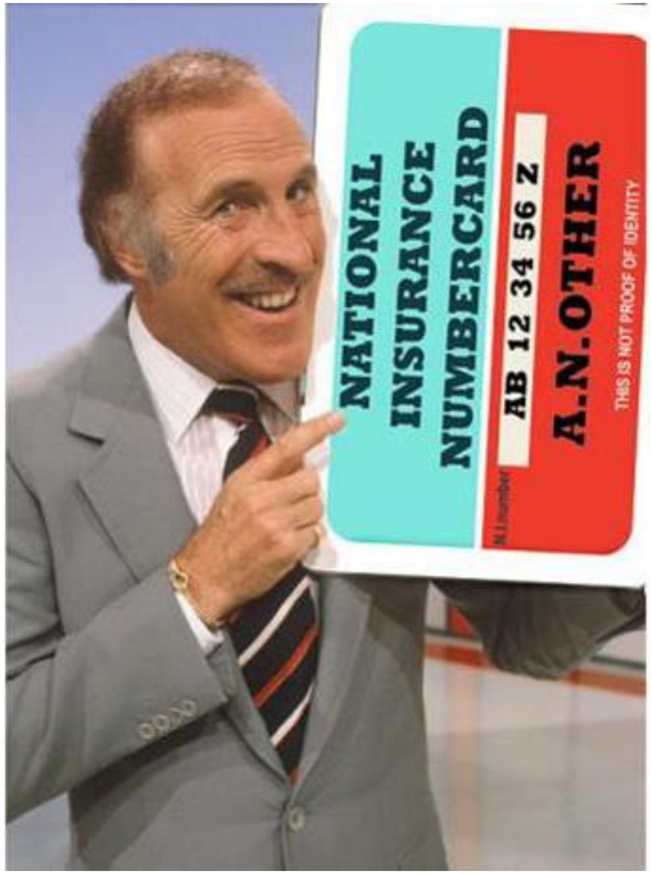
Income Tax: Wales

Welsh Tax bandwidths and rates – effective date 6th April 2023		
Basic Rate	10% + 10% = 20%	£1 – £37,700
Higher Rate	10% + 30% = 40%	£37,701 – **£125,140**
Additional Rate	10% + 35% = 45%	**£125,141** and above

UK Knowledge

National Insurance – bands and thresholds

<table>
<tr><th>Threshold/limit</th><th>Weekly</th><th>2 Weekly</th><th>4 Weekly</th><th>Monthly</th><th>Annual</th></tr>
<tr><td>Lower Earnings Limit (LEL)</td><td>£ 123</td><td>£ 246</td><td>£ 492</td><td>£ 533</td><td>£ 6,396</td></tr>
<tr><td>Primary Threshold (PT) – directors</td><td rowspan="2">£ 242</td><td rowspan="2">£ 484</td><td rowspan="2">*£ 967</td><td rowspan="2">£ 1,048</td><td>£ 12,570
(£ 11,908)</td></tr>
<tr><td>Primary Threshold (PT) – non-directors</td><td>£ 12,570</td></tr>
<tr><td>Secondary Threshold (ST)</td><td>£ 175</td><td>£ 350</td><td>£ 700</td><td>£ 758</td><td>£ 9,100</td></tr>
<tr><td>Freeports Upper Secondary Threshold (FUST)</td><td>£ 481</td><td>£ 962</td><td>£ 1,924</td><td>£ 2,083</td><td>£ 25,000</td></tr>
<tr><td>Upper Secondary Threshold (UST)</td><td rowspan="4">£ 967</td><td rowspan="4">£ 1,934</td><td rowspan="4">*£ 3,867</td><td rowspan="4">£ 4,189</td><td rowspan="4">£ 50,270</td></tr>
<tr><td>Apprentice Upper Secondary Threshold (AUST)</td></tr>
<tr><td>Veterans Upper Secondary Threshold (VUST)</td></tr>
<tr><td>Upper Earnings Limit (UEL)</td></tr>
</table>



National Insurance – Contributions

<table>
<tr><th rowspan="2"></th><th colspan="5">Primary Contributions (employee)</th><th colspan="4">Secondary Contributions (Employer)</th></tr>
<tr><th>A/F/H/M/V</th><th>B/I</th><th>C/S</th><th>J/L/Z</th><th>X</th><th>A/B/C/J</th><th>H/M/V/Z</th><th>F/I/L/S</th><th>X</th></tr>
<tr><td>Below LEL</td><td colspan="9">Nil</td></tr>
<tr><td>LEL to PT</td><td colspan="2">0%</td><td rowspan="2">Nil</td><td>0%</td><td rowspan="2">Nil</td><td colspan="4" rowspan="2">N/A</td></tr>
<tr><td>PT to UEL / UST / AUST</td><td>12%
(12.73%)</td><td>5.85%
(6.58%)</td><td>2%
(2.73%)</td></tr>
<tr><td>LEL to ST</td><td colspan="5" rowspan="3">N/A</td><td>0%</td><td rowspan="3">0%</td><td rowspan="2">0%</td><td rowspan="4">Nil</td></tr>
<tr><td>ST to FUST</td><td rowspan="3">13.8%
(14.53%)</td></tr>
<tr><td>FUST to UEL / UST / AUST / VUST</td><td rowspan="2">13.8%
(14.53%)</td></tr>
<tr><td>Above UEL / UST / AUST / VUST</td><td colspan="2">2%
(2.73%)</td><td>Nil</td><td>2%
(2.73%)</td><td>Nil</td><td>13.8%
(14.53%)</td></tr>
</table>

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National Insurance – Mariners

<table>
<tr><th rowspan="2"></th><th colspan="4">Primary Contributions (employee)</th><th colspan="2">Secondary Contributions (Employer)</th></tr>
<tr><th>R/G/Y</th><th>T</th><th>W</th><th>Q/P</th><th>R/T/W/Q</th><th>G/Y/P</th></tr>
<tr><td>Below LEL</td><td colspan="6">Nil</td></tr>
<tr><td>LEL to PT</td><td colspan="2">0%</td><td rowspan="2">Nil</td><td>0%</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td>PT to UEL / UST / AUST</td><td>12%
(12.73%)</td><td>5.85%
(6.58%)</td><td>2%
(2.73%)</td></tr>
<tr><td>LEL to ST</td><td colspan="4" rowspan="3">N/A</td><td>0%</td><td rowspan="3">0%</td></tr>
<tr><td>ST to FUST</td><td rowspan="3">13.3%
(14.03%)</td></tr>
<tr><td>FUST to UEL / UST / AUST / VUST</td></tr>
<tr><td>Above UEL / UST / AUST / VUST</td><td colspan="2">2%
(2.73%)</td><td>Nil</td><td>2%
(2.73%)</td><td>13.3%
(14.03%)</td></tr>
</table>

National Minimum Wage

	Rate from April 2023	Annual increase (£)	Annual increase (per cent)
National Living Wage	£10.42	0.92	9.7
21-22 Year Old Rate	£10.18	1.00	10.9
18-20 Year Old Rate	£7.49	0.66	9.7
16-17 Year Old Rate	£5.28	0.47	9.7
Apprentice Rate	£5.28	0.47	9.7
Accommodation Offset	£9.10	0.40	4.6

National Minimum Wage - the implications

Increasing risk of NMW breach - Salary Sacrifice schemes

- Bikes
- Childcare
- Pension
- Other

Consider recalculation of SMP

Employer bulletin February 2023

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National Minimum Wage - the implications

Impact of the change to National Minimum Wage on Statutory Maternity Pay

Statutory Maternity Pay

Since 6 April 2005 it has been necessary for employers to re-calculate a woman's entitlement to Statutory Maternity Pay (SMP) if a woman is awarded a pay rise (or would have been awarded a pay rise had she not been on maternity leave) which takes effect at any time between the start of the period used to calculate her SMP and the end of her maternity leave. The earnings-related part (which is 6 weeks for most women but for some will be 26 weeks) must go up to take account of that pay rise.

SMP must also be re-calculated to reflect pay rises taking effect before the start of the relevant period but where the earnings used in the calculation had not at the time of the calculation been adjusted to reflect that pay rise.

If such a recalculation results in SMP entitlement for the first time, then the employer will only be liable to pay SMP to the extent that any sum exceeds Maternity Allowance paid by the Department for Work and Pensions.

Applying SMP Alabaster

So how is an alabaster rise applied?

The pay engine needs to be told about the rise. This can be expressed as a percentage or cash increase or a new rate to reflect the rise. The automated SMP calculation then takes care of the SMP back-payment and any future payments due.

There are 3 options to apply a relevant rise for automated adjustment:

Engine code	Description
M741	Increase by a cash amount the Average Earnings used for SMP
M743	Increase by a percentage the Average Earnings used for SMP
M745	Update the Average Earnings used for SMP

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Statutory Parental Leave: SMP, SAP, SPP, ShPP, SPBP

Effective Date	Weekly Earnings Threshold	SMP/SAP Higher Rate (6 weeks)	SMP/SAP Lower Rate (33 weeks)	SPP Rate (1 or 2 weeks)	ShPP Rate (up to 39 weeks)	SPBP (up to 2 weeks)
Sunday 2nd April 2023	£123 (Weekly LEL)	90% of Average Weekly Earnings	£172.48 or 90% of AWE if less	£172.48 or 90% of AWE if less	£172.48 or 90% of AWE if less	£172.48 or 90% of AWE if less

Recovery

Effective Date	Standard Recovery	Class 1 NICs threshold for SER	SER recovery	Compensation
6th April 2011	92%	£45,000	100%	3%

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Statutory Parental Leave: SMP, SAP, SPP, ShPP, SPBP

LET THE SOLUTION DO THE WORK

IT'S NOT WRONG AND AUTOMATIC

Statutory Sick Pay (SSP)

Effective Date	Weekly Earnings Threshold	SSP Weekly Rate	Percentage Threshold Scheme
Thursday 6th April 2023	£123 (Weekly LEL)	£109.40	0%

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Pension AE Thresholds – Frozen & late AGAIN!

"Into the unknown - Arghhharghhaaaa

Table 1 - Current and proposed automatic enrolment thresholds (annual)

	Trigger	Lower limit qualifying earnings band	Upper limit qualifying earnings band
Current (2022/23)	£10,000	£6,240	£50,270
Proposed (2023/24)	£10,000	£6,240	£50,270

Pension AE duties – the employer is responsible

The Pensions Regulator
Making workplace pensions work

automatic enrolment

Re-enrolment and re-declaration

Every three years you must put certain staff who have left your pension scheme back into it. This is called re-enrolment.

Whether you have staff to put back into your scheme or not, you must complete a re-declaration of compliance to tell us how you have met your duties. Remember, re-enrolment and re-declaration are your legal duties and if you don't act you could be fined.

Make sure you inform SD Worx of your next triennial re-enrolment date.

SD Worx cannot assume this for you as it is an employer duty!

Top tips

This is your responsibility as an employer – don't assume an agent, third party or your pension scheme will do it for you (TPR)

Pension AE duties – the employer is responsible

The Pensions Regulator
Making workplace pensions work

automatic enrolment

Find out your dates for re-enrolment

Use this tool to find your key dates for re-enrolment

These dates will help you choose your re-enrolment date and plan your re-enrolment duties.

To use the tool you'll need your letter code and PAYE reference.

PAYE reference

Your PAYE reference can be found on the letter you received from us about automatic enrolment. You can also find it on your letter from HMRC when you first registered as an employer, or from your payroll software.

Letter code

Your letter code is the 10 digit code on the letter you received from us about automatic enrolment.

If you don't know your letter code you can find your letter code here.

Continue

choose any date that falls within a six-month timeframe

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Student and Postgraduate Loan repayments

Date	Plan Type 1 Threshold	Plan Type 1 Rate	Plan Type 2 Threshold	Plan Type 2 Rate	Post-grad Threshold	Post-grad Rate	Plan Type 4 Threshold	Plan Type 4 Rate
6th April 2021	£19,895	9%	£27,295	9%	£21,000	6%	£25,000	9%
6th April 2022	£20,195	9%	£27,295	9%	£21,000	6%	£25,375	9%
6th April 2023	**£22,015**	**9%**	**£27,295**	**9%**	**£21,000**	**6%**	**£27,660**	**9%**

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Student and Postgraduate Loan repayments

Student loans

11 **Do you have a student or postgraduate loan?**

Yes ☐ Go to question 12

No ☐ Go straight to the Declaration

12 **Do any of the following statements apply:**

- you're still studying on a course that your student loan relates to
- you completed or left your course after the start of the current tax year, which started on 6 April
- you've already repaid your loan in full
- you're paying the Student Loans Company by Direct Debit from your bank to manage your end of loan repayments

Yes ☐ Go straight to the Declaration

No ☐ Go to question 13

13 **To avoid repaying more than you need to, tick the correct student loan or loans that you have – use the guidance on the right to help you.**

Please tick all that apply

Plan 1 ☐

Plan 2 ☐

Plan 4 ☐

Postgraduate loan (England and Wales only) ☐

Question 13 response!

Plan 1	Plan 2	Plan 4	Postgraduate	Student Loan	Postgraduate Loan
				Plan 1	
✓				Plan 1	
	✓			Plan 2	
		✓		Plan 4	
			✓		Yes
✓	✓			Plan 1	
✓		✓		Plan 1	
✓			✓	Plan 1	Yes
	✓	✓		Plan 4	
	✓		✓	Plan 2	Yes
		✓	✓	Plan 4	Yes
✓	✓	✓		Plan 1	
✓	✓		✓	Plan 1	Yes
✓		✓	✓	Plan 1	Yes
	✓	✓	✓	Plan 4	Yes
✓	✓	✓	✓	Plan 1	Yes

When you receive a SL1 new Plan start for
Type 1, 2 or 4

DO NOT APPLY AN
SL2 stop notice instruction as they are not plan specific

[- UK Knowledge for Pay and HR (payhr.uk)]

PLAN 5
is on its way!

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Arrestments

Scottish Earnings Arrestment triennial review (diligence against earnings)
- New tables apply to all current and new orders from 6th April 2023

ACCOUNTANT IN BANKRUPTCY
SCOTLAND'S INSOLVENCY SERVICE

SCOTTISH STATUTORY INSTRUMENTS

2023 No. 27

ENFORCEMENT

The Diligence against Earnings (Variation) (Scotland) Regulations 2023

Made	*1st February 2023*
Laid before the Scottish Parliament	*3rd February 2023*
Coming into force	*6th April 2023*

Applies to **all arrestments** from 6th April 2023

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Reminders – Directors who leave office

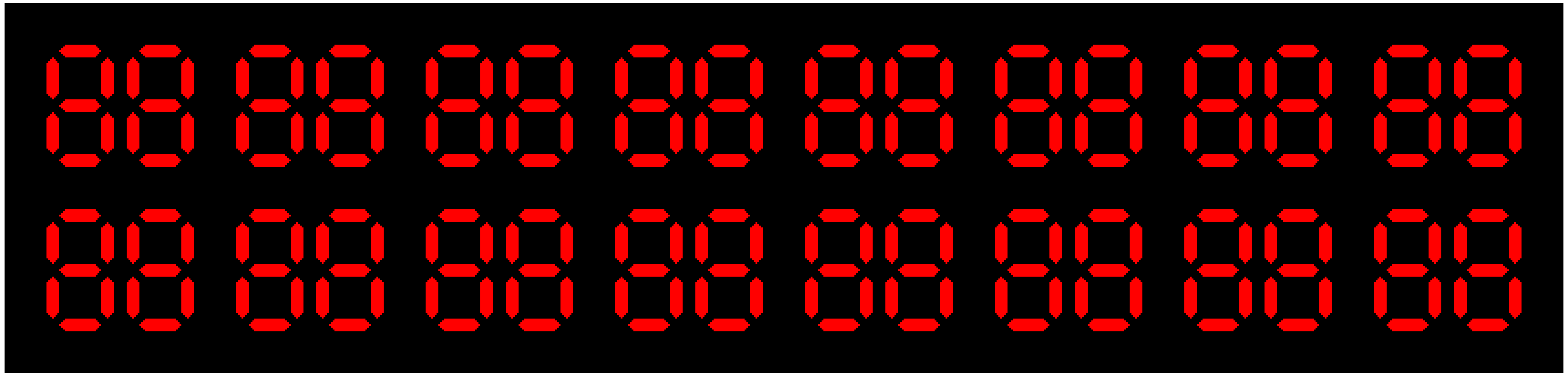
Directors indicators for those whose directorship has ended and are now an employee

C (annual method)
F (alternate method)

The annual method must be applied to the last payment in the tax year.

Late Changes

BACS Hash

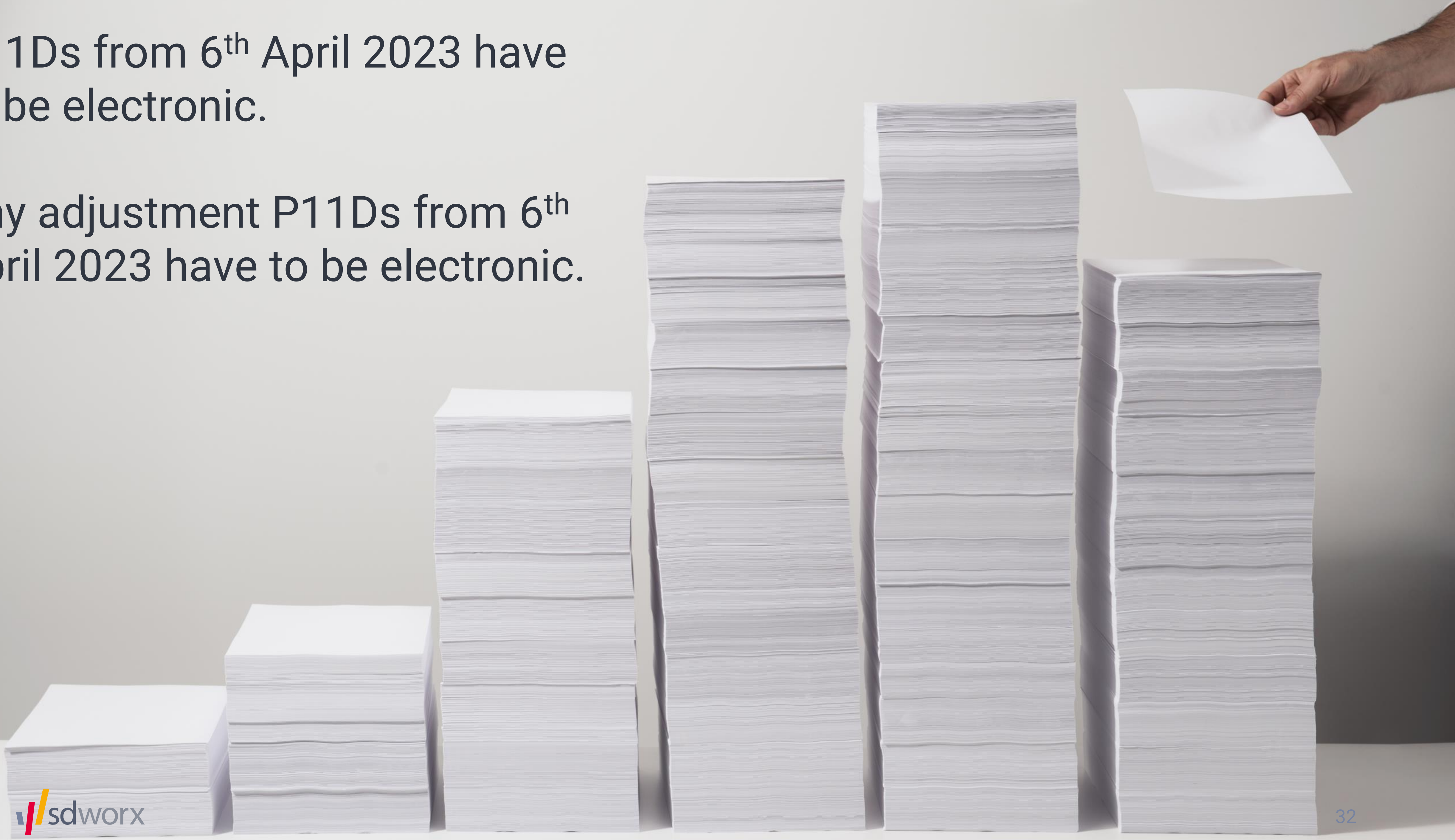


118	BACS hash code	Employers paying their staff via Bacs using their own Service User Number (SUN) either directly using Bacs Approved Solution Software or indirectly via a Bacs Approved Bureau are required to include a cross reference (hash) in both the RTI submission and the standard 18 payment instruction. Employers who use Extended Transmission Service (ETS) or SwiftNet Transmission Service (STS), to submit Standard 18 payment instructions should also include a hash in the Standard 18.	Y		On every employment record (if applicable)

GONE

P11Ds from 6th April 2023 have to be electronic.

Any adjustment P11Ds from 6th April 2023 have to be electronic.



Informal v Formal

Informal payrolling no longer be allowed from April 2023
Those who have informally payroll required to register for formal payrolling

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UK Knowledge

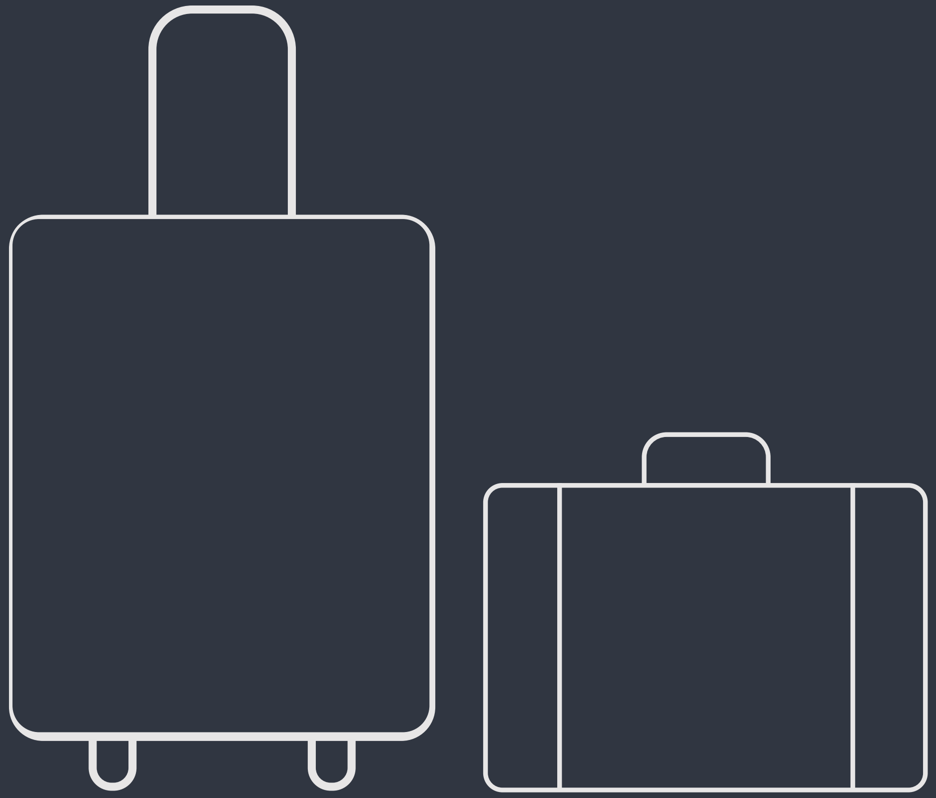
Don’t lose your case.

12.07% holiday accrual has been outlawed by the Supreme Court.

The Supreme Court will judge on whether 3 month ‘backstops’ can be removed.

This could allow claims for up to 2 years to be made in England, Scotland & Wales.

And around 20 years for Northern Ireland.



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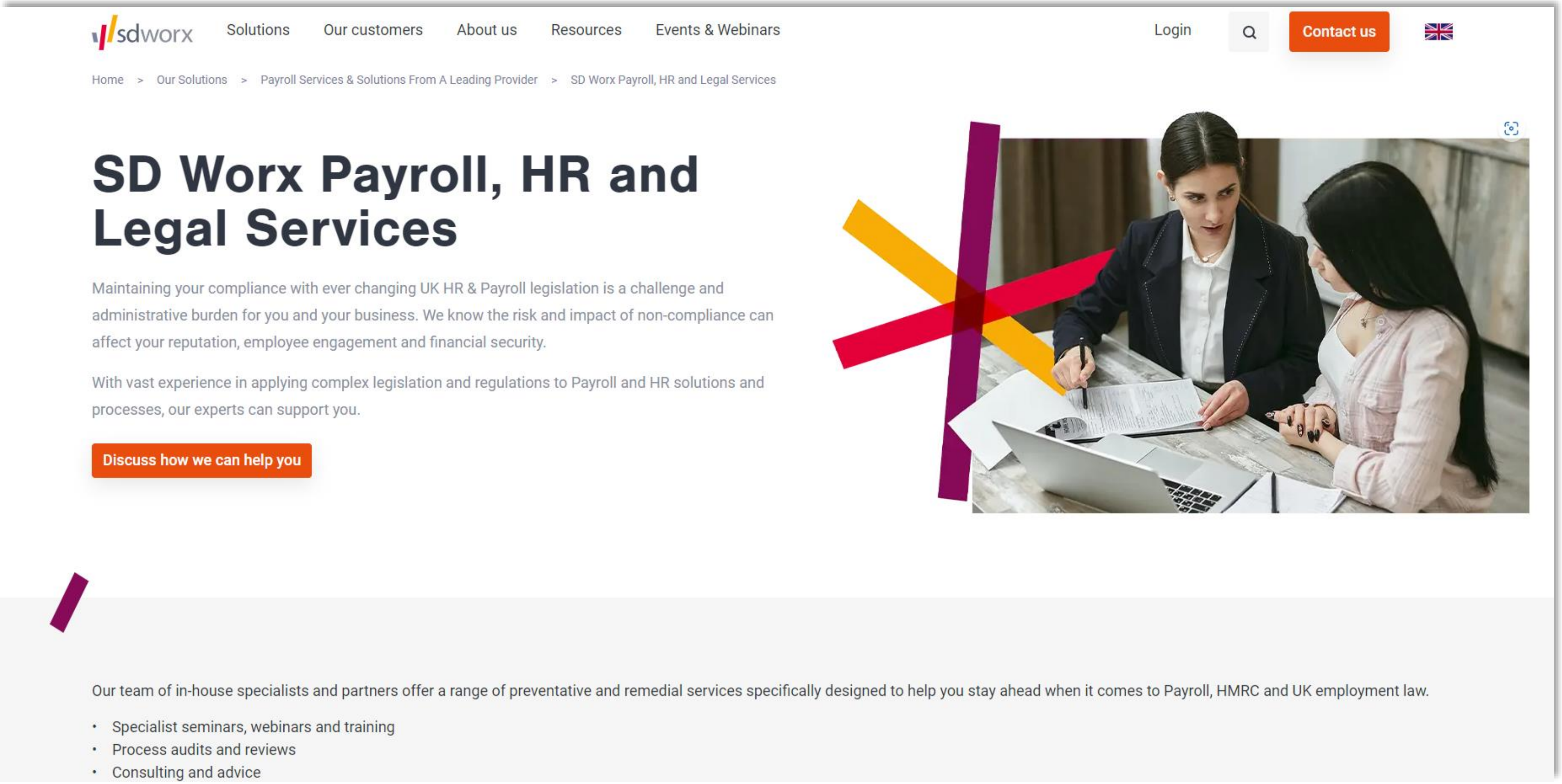
Time for any further questions...

Is there anything you'd like to ask?

Payroll, HR And Legal Services (PALS)



Email: pals@sdworx.com

Payroll, HR And Legal Services (PALS) Webinars – Free and Premium

Payroll Question Time

Live Webinar   Friday 24 March 2023

Payroll Question Time: Legislation Update
Join our expert panel, and hundreds of members of the Payroll & HR community, at our monthly interactive webinar. We...

- Payrolling Benefits In Kind
- Salary Sacrifice
- EV Car Schemes and Payroll
- Holiday Pay
- National Minimum Wage
- Share and Share Scheme
- HMRC Real Time Information

Are you ready for the new tax year? Simon Parsons shares what payroll professionals need to know – 11am Friday 3rd March 2023

Live Webinar   Friday 3 March 2023

Every April 6th when the new tax year rolls around, payroll professionals must consider whether the legislative changes announced will affect their business—and...

Email: pals@sdworx.com

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The UK Knowledge site

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For life. For work.

Thank you!

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