

Legislation Changes

April 2017



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Dear Customer

All standard rates and parameters for Tax/NI/Statutory Payments/Pensions etc. have been updated in the payroll software for the 2017/2018 tax year, as have the standard reports.

- Any changes in tax bands from Scottish Parliament have also been included
- The National Living Wage for those 25 and over has increased to £7.50 per hour from April 1st 2017. For more information, go to www.gov.uk/national-minimum-wage
- Tax codes have been uplifted as follows:
 - Code Suffix L: increased by 50
 - Code Suffix M: increased by 55
 - Code Suffix N: increased by 45

For details of the rates and parameters change, click [here](#) to view/print the **Payroll Fact Sheet for 2017/2018**.

This guide details other legislation resulting in changes to the payroll software. For details of how these will be applied, please see the **Release Notes** within your software.

Apprenticeship Levy

What is the apprenticeship levy and who pays it?

- Levy on UK employers will fund growth in the apprenticeship programme
- The levy will come into effect on 6 April 2017, at a rate of 0.5% of an employer's total pay bill (where there is Employer NI Liability), paid through PAYE
- All employers have an allowance of £15,000 to offset against their levy liability. The levy allowance is not a cash payment
- The allowance means that only UK employers with an annual pay bill of more than £3 million are liable to pay the levy
- It is 0.5% of an employer's total pay bill (where there is Employer NI Liability) in excess of £3 million for the whole year
 - e.g. an employer with an annual Pay Bill value of £3,000,200.00 will pay ($£3,000,200 \times 0.5\%$) - £15,000 = £1. Anything less than £3,000,200.00 will result in a levy of £0 at month 12, due to rounding rules
- The calculation is on a **monthly cumulative basis** similar to a tax calculation. An employer will receive an Apprenticeship Allowance of £1250 per month. If the value in the first month does not exceed £1,250, nothing will be due. If the cumulative value at month 2 does not exceed £2,500, nothing will be due etc.

Levied Employer	Non-Levied Employer
Employer of 250 employees, each with a gross salary of £20,000 Pay bill: $250 \times £20,000 = £5,000,000$ Levy sum: $0.5\% \times £5,000,000 = £25,000$ Allowance: $£25,000 - £15,000 =$ £10,000 annual levy payment	Employer of 100 employees, each with a gross salary of £20,000 Pay bill: $100 \times £20,000 = £2,000,000$ Levy sum: $0.5\% \times £2,000,000 = £10,000$ Allowance: $£10,000 - £15,000 =$ £0 annual levy payment

How?

- Employers will calculate, report and pay their levy to HMRC, through the Pay As You Earn (PAYE) process alongside income tax and National Insurance
- Single employers with multiple PAYE schemes will only have one allowance
- Connected employers - may share one allowance between employers

What value of apprenticeship levy allowance should I set?

1. The maximum level of apprenticeship levy allowance for 2017/2018 is £15,000
2. The levy allowance is on a per PAYE scheme basis i.e. £15,000 per PAYE Scheme
3. For a group of associated companies the levy allowance is £15,000 per group of companies. The levy can be split across multiple companies but the sum cannot exceed £15,000

Example 1

All employees in the PAYE scheme are contained in this payroll company and the PAYE Scheme is not part of a larger group.

Apprenticeship Levy allowance should be set to £15,000

Example 2

The PAYE scheme is split across multiple companies in this payroll system and it is not part of a larger group. Sum of pay bill does not exceed £3,000,000

Company A has an estimated Annual Pay bill per year of £1,000,000

Company B has an estimated Annual Pay bill per year of £1,000,000

In order to stop any apprenticeship levy being calculated the allowance is apportioned across the two companies:

Company A - Apprenticeship Levy allowance should be set to £7,500

Company B - Apprenticeship Levy allowance should be set to £7,500

Example 3

The PAYE scheme is split across multiple companies in this payroll system and it is not part of a larger group. Sum of pay bill does not exceed £3,000,000

Company A has an estimated Annual Pay bill per year of £2,000,000

Company B has an estimated Annual Pay bill per year of £800,000

Company C has an estimated Annual Pay bill per year of £200,000

In order to stop any apprenticeship levy being calculated the allowance is apportioned across the three companies:

Company A - Apprenticeship Levy allowance should be set to £10,000

Company B - Apprenticeship Levy allowance should be set to £4,000

Company C - Apprenticeship Levy allowance should be set to £1,000

Example 4

The PAYE scheme is split across multiple companies in this payroll system and it is not part of a larger group. Sum of pay bill exceeds £3,000,000

Company A has an estimated Annual Pay bill per year of £2,000,000

Company B has an estimated Annual Pay bill per year of £2,000,000

Company C has an estimated Annual Pay bill per year of £2,000,000

In order to calculate the correct apprenticeship levy, the allowance is apportioned across the three companies:

Company A - Apprenticeship Levy allowance should be set to £5,000

Company B - Apprenticeship Levy allowance should be set to £5,000

Company C - Apprenticeship Levy allowance should be set to £5,000

Note: Since the pay bill of £3,000,000 is exceeded by adding Company A and Company B, the allowance could be apportioned as follows and the results would be the same

Company A - Apprenticeship Levy allowance should be set to £7,500

Company B - Apprenticeship Levy allowance should be set to £7,500

Company C - Apprenticeship Levy allowance should be set to £0

Example 5

The PAYE scheme is split across multiple companies in this payroll system and it is not part of a larger group. Sum of pay bill exceeds £3,000,000 in a single company

Company A has an estimated Annual Pay bill per year of £8,000,000

Company B has an estimated Annual Pay bill per year of £6,000,000

Company C has an estimated Annual Pay bill per year of £1,000,000

Note: In this example the full allowance will be used in Company A so there is no need to apportion the value. Company B and Company C can be set to zero

Company A - Apprenticeship Levy allowance should be set to £15,000

Company B - Apprenticeship Levy allowance should be set to £0

Company C - Apprenticeship Levy allowance should be set to £0

RTI Changes

FPS (Car Benefit)

From April 2017 car benefit can be paid via payroll software and reported using the FPS instead of P11D and P46(Car). From the 2016/2017 tax year, employers were able to account for the tax on the benefits in kind (BiKs) they provide to employees via PAYE instead of sending a P11D after the end of the tax year. The value of the benefit is added to the employee's taxable pay for each pay period and reported via FPS.

You can payroll all BiKs apart from:

- vouchers and credit tokens
- employer provided living accommodation
- interest free and low interest (beneficial) loans

You must still report these excluded BiKs on a P11D, even if you are payroll other BiKs for the same employee(s).

This means employers can choose to payroll company car BiKs instead of submitting the P46(Car) form. The benefits are calculated in the same way as previously, but the cash equivalent is divided into an equal amount for each pay period, with any residual amount going through the final pay period for the year. If your payroll software has this facility, you can find details in the Release Notes for April 2017.

EPS

Apprenticeship Levy will be reported via the Employer Payment Summary.

EYU

Various changes have been made to the Earlier Year Update to cater for the 2016/2017 schema changes:

- NI Earnings 1d fields removed
- NI Earnings 1a renamed Earnings to LEL
- NI Earnings 1b renamed LEL to PT
- NI Earnings 1c renamed PT to UEL

New fields for Flexible Drawdown have been added:

- Flexibly Accessing Pension Rights
- Pension Death Benefit
- Flexible Drawdown Taxable Payment
- Flexible Drawdown Non-Taxable Payment

P60 new layout for 2016/2017

HMRC have redesigned the P60 for the 2016/2017 tax year:

- One of the NI columns has been removed and the remaining one has been renamed due to the removal of Upper Accrual Point at the start of 2016/2017 tax year
- The text referring to Additional Statutory Paternity Pay has been removed as it could not be paid after the end of 2015/2016 tax year

NINO Changes

HMRC have advised National Insurance numbers with a 'KC' prefix are now valid.

Pensions

Teachers' Pension Rates have been updated in line with legislation.

Teachers' Pension - Monthly Data Collection

In future, Teachers' Pension require data regarding pension, service and salary from employers to be sent via Monthly Data Collection (MDC). There are already a number of employers submitting data using MDC and every employer needs to have started the on-boarding process by December 2017.

From April 2018 MDC will be the only accepted method of providing Teachers' Pension data.

MDC will replace TR6 and TR8 forms to indicate starters and leavers, Certificates of Re-employment and the Annual Service Return (ASR).

The on-boarding process will be controlled and managed by Teachers' Pension.

Transitional Period ends on 30 September 2017

The Transitional Period flag will be removed from your payroll software in either the April 2017 or Summer 2017 update.

The transitional period ends on 30th September 2017. All employees with Transitional Period ticked will be assessed for auto enrolment on 01/10/2017 and postponement may then be applied to Eligible Jobholders, Non-eligible Jobholders and Entitled Workers. Once the transitional period has ended, the Transitional Period indicator will be ignored and the employee will be included in the normal AE assessment.

Gender Pay Gap Reporting

Subject to the approval of Parliament, from April 2017 employers who employ 250 or more employees will be required to publish the average difference between men and women's aggregate hourly pay on the organisation's website, and submit evidence of compliance annually to the Government.

Employers will need to publish figures concerning:

- Average difference between men and women's aggregate hourly pay
- Gender bonus gap
- Proportion of men and women receiving a bonus
- Proportion of men and women working at each quartile of the organisation's pay distribution

From April 2017 employers will have up to 12 months to publish this information.

As your payroll software does not contain all the required information, we recommend you speak to your HR advisor to prepare for this.

Further details can be found on the ACAS website, [here](#).

CIS - Amended Monthly Return

CIS monthly returns have changed:

- HMRC now only accepts electronic submissions
- Submissions can be resent if amendments need to be made

Additional Software and Services Available

IRIS AE Suite™

The IRIS AE Suite™ works seamlessly with all IRIS payrolls to easily manage auto enrolment. It will assess employees as part of your payroll run, deduct the necessary contributions, produce files in the right format for your pension provider* and generate the necessary employee communications.

IRIS OpenPayslips

Instantly publish electronic payslips to a secure portal which employees can access from their mobile phone, tablet or PC. IRIS OpenPayslips cuts payslip distribution time to zero and is included as standard with the IRIS AE Suite™.

IRIS Auto Enrolment Training Seminars

Choose from a range of IRIS training seminars to ensure you understand both auto enrolment legislation and how to implement it within your IRIS software.

Useful numbers

HMRC online service helpdesk	HMRC employer helpline
Tel: 0300 200 3600	Tel: 0300 200 3200
Fax: 0844 366 7828	Tel: 0300 200 3211 (new business)
Email: helpdesk@ir-efile.gov.uk	

Contact Sales (including stationery sales)

For IRIS Payrolls	For Earnie Payrolls
Tel: 0844 815 5700	Tel: 0844 815 5677
Email: sales@iris.co.uk	Email: earniesales@iris.co.uk

Contact support

Your Product	Phone	E-mail
IRIS PAYE-Master	0844 815 5661	payroll@iris.co.uk
IRIS Payroll Business	0844 815 5661	ipsupport@iris.co.uk
IRIS Bureau Payroll	0844 815 5661	ipsupport@iris.co.uk
IRIS Payroll Professional	0844 815 5671	payrollpro@iris.co.uk
IRIS GP Payroll	0844 815 5681	gpsupport@iris.co.uk
IRIS GP Accounts	0844 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0844 815 5671	earniesupport@iris.co.uk