PAYROCKPAYROLL

Updates, Support, Networking for the Payroll Community

Welcome to January's PayrockPayroll update. Coming up in this month's edition...

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Brexit

Now that the UK has reached an agreement with the EU on our future relationship, the social security coordination provisions in the agreement ensure workers who move between the UK and the EU only have to pay into one country's social security scheme at a time.

If you have staff going to work in the EU, or intend employing workers from the EU, you need to be aware of the rules regarding their National Insurance contributions.

UK workers going to the EU

Employees working in the EU, Norway or Switzerland will only have to pay into one country's social security scheme at a time. This will usually be in the country where the work takes place. But employees working temporarily in the EU, Norway, Iceland, Switzerland or Liechtenstein may be able to get a certificate or document from HMRC to carry on paying National Insurance contributions in the UK, meaning they won't have to pay social security contributions abroad.

EU workers coming to the UK

Again, individuals coming to work in the UK from the EU, Norway or Switzerland will only have to pay into one country's social security scheme at a time. This will usually be in the UK if that is where the work takes place. But if the workers are only in the UK temporarily, they may be able to get a certificate or document to continue paying social security contributions in the EU, Norway, Iceland, Switzerland or Liechtenstein. This means they will not have to pay social security contributions in the UK.

You can get more information on the following links:
https://www.gov.uk/guidance/national-insurance-for-workers-from-the-uk-working-in-the-eea-or-switzerland
https://www.gov.uk/guidance/social-security-contributions-for-workers-coming-to-the-uk-from-the-eea-or-switzerland

NMW naming and shaming

For the first time since 2018, the government has named and shamed companies for failing to pay National Minimum Wage, after reforms to the process ensure that only the worst offenders are targeted.

139 companies, including some of the UK's biggest household names such as Tesco, Pizza Hut and Superdrug, have been named and shamed for failing to pay their workers the minimum wage. Investigated between 2016 and 2018, the named companies failed to pay £6.7 million to over 95,000 workers in total, in a flagrant breach of employment law. The offending companies range in size from small businesses to large multinationals who employ thousands of people across the UK.

While the vast majority of businesses follow the law and uphold workers' rights, the publication of the list is intended to serve as a warning to rogue employers that the government will take action against those who fail to pay their employees properly.

One of the main causes of minimum wage breaches was low-paid employees being made to cover work costs, which would eat into their pay packet, such as paying for uniform, training or parking fees.

Also, some employers failed to raise employees' pay after they had a birthday which should have moved them into a different National Minimum Wage bracket.

Employers who pay workers less than the minimum wage have to pay back arrears of wages to the workers at current minimum wage rates. They also face hefty financial penalties of up to 200% of arrears - capped at £10,000 per worker - which are paid to the government. Each of the companies named have paid back their workers, and were forced to pay financial penalties.

Business Minister Paul Scully said "Paying the minimum wage is not optional, it is the law. It is never acceptable for any employer to short-change their workers, but it is especially disappointing to see huge household names, who absolutely should know better, on this list.

This should serve as a wake-up call to named employers and a reminder to everyone of the importance of paying workers what they are legally entitled to."

NMW rules are complex and often employers fall foul of the rules unintentionally. It is the responsibility of all employers to ensure they are following the law. **MBKB Training** can provide help and training to ensure employers fully understand the impact of modern working arrangements such as salary sacrifice, provision of uniforms, travelling between appointments etc. Contact us if you want to know more about our training courses.

Cycle to Work easement from 20 December 2020

Cycle to Work schemes benefit from a tax exemption on the provision of bicycles and safety equipment to staff, provided that they are used "mainly for qualifying journeys", ie. into and out of work.

The Treasury has acknowledged that government imposed lockdown restrictions to combat the coronavirus pandemic have meant that many employees have been required to work from home and have not been able to make the qualifying journeys to work. This means that the equipment they received no longer meets the tax exemption requirements and is liable for an income tax Benefit-in-Kind charge.

To prevent this, the government is temporarily removing the 'qualifying journeys' condition for employees who joined and received their cycling equipment on or before 20 December. As a consequence, employees who joined a Cycle to Work scheme on or before 20 December 2020 will not be liable for a Benefit-in-Kind charge. The tax easement will remain in place until 5 April 2022. Employees who joined a Cycle to Work scheme from 21 December 2020 will still need to meet all the normal conditions of the exemption.

Rates, limits and thresholds for 2021/22

Although we don't yet have the income tax details confirmed, we now have most other rates, limits and thresholds needed by payroll for 2021/22, and we can make an educated prediction of those which haven't been confirmed yet.

To help you transition into the new tax year we have produced a factsheet which includes all next year's rates. Download your copy now from the **PayrockPayroll website**.

Zero-rate secondary Class 1 NICs for veterans

From 6 April 2021, employers can apply a zero-rate of secondary Class 1 Employer National Insurance contributions (NICs) on the earnings of veterans during the first year of their civilian employment. For the first tax year (2021/22), employers must pay the secondary NICs on the earnings of eligible veterans and then claim the associated relief back at the end of the tax year. But from tax year 2022/23, employers will be able to claim the relief in real time through PAYE.

It is intended that the new policy will provide employers with a relief of up to a maximum of £5,000 for each qualifying veteran hired. A veteran will qualify in scenarios where they have completed a minimum of one day of basic training in Her Majesty's regular armed forces. Employers will be entitled to claim this relief for the 12-month period that follows the first day of the veteran's initial civilian employment since leaving the regular armed forces. Any subsequent and concurring employers will also be able to claim the relief during this period. The zero-rate is applicable up to the Upper Secondary Threshold (UST).

PayrockPayroll Update

January's Payroll Update webinar

With less than three months until the introduction of major changes to the off-payroll working rules, research by IR35 Shield shows that more than 50% of businesses have not yet begun their preparations. Whether this is because they just haven't had time yet, or as I suspect, that businesses simply do not realise that they too are affected by this change, is not clear. But I predict that there are going to be a lot of businesses who are caught unawares on 6 April, because they just didn't know that they needed to make changes to the way they hire contractors to undertake work.

For this reason, the next Payroll Update webinar will once again look at the changes coming in from April 2021. Taking place at 10am on 26 January the webinar will give you the latest information and advice about the expansion of off-payroll working to the private sector.

Make sure the changes don't catch you out. Use this link to book your place **https://buff.ly/3mnLt0a**

Payroll support helpdesk available to PayrockPayroll members

As payroll processing gets ever more complicated, we know that, much as we would like to, none of us can know everything, and here at PayrockPayroll we want to help. As a PayrockPayroll member you have access to our payroll support helpline. Several of you have already used this new service, all you need do is email your query to **payrollsupport@mbkbgroup.com** but please remember to write your membership number in the subject line, it was included in your membership pack email.

As a reminder, your Tier 2 PayrockPayroll membership includes:

• Payroll Update sessions – Online monthly
• PayrockPayroll e-newsletter – Monthly
• Payroll helpdesk / support - 10 queries
• 1 x short course delivery
• PayrockPayroll - Annual Industry Festival

Payroll Assistant Manager Level 5 Apprenticeship

We tend to think of apprenticeships as being for younger colleagues or those new to the profession, so we are delighted to be able to deliver the new level 5 apprenticeship for payroll. It is ideally suited to those who have worked in payroll for a while and would like to progress their career.

A level 5 apprenticeship is equivalent to a Foundation Degree, and as this can be funded through the apprentice levy it could be a very cost effective way for an employer to support and develop their more experienced staff members. Smaller employers who do not pay the apprentice levy may still be able to access 95% of the cost of the qualification. Enrolments are now open for this exciting new apprenticeship. If you would like to know more about what is involved, or about how to access funding for the Payroll Assistant Manager level 5 apprenticeship please email **train@mbkbgroup.com**.