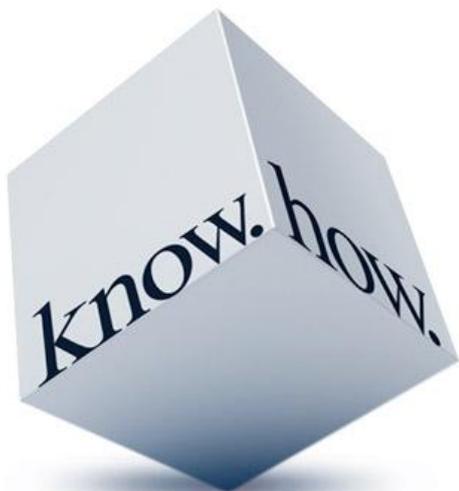




## Payroll Legislation Update

Ceridian User Guide 2012-2013

Version 1.0, February 2012



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## Introduction

This document details important payroll-related information that will be applied from April 2012. Some future information is also included.

## Tax Changes and New Tax Codes

Tax rates will remain unchanged, with **20% Basic Rate**, **40% Higher Rate** and the **50% Additional Rate**.

The Basic Rate tax band is reduced from £35,000 to a lower value of £34,370. The Additional Rate tax band will remain on earnings above £150,000

Basic Rate (20%)	£0 - £34370 (formerly £0 - £35000)
Higher Rate (40%)	£34371 - £150000 (formerly £35001 - £150000)
Additional Rate (50%)	Over £150000

### Tax Codes

Suffix "L" tax codes will be increased by +63 points (+£630)

The PAYE threshold with effect from 6 April 2012 will be £156 per week (£675 per month)

All other tax code amendments will be notified by the issue of individual HMRC forms P9 or P6.

The tax code for emergency use will be 810L (or BR Cumulative or 0T week 1 / month 1 as applicable).

The following link is to the official HMRC P9X notification:

<http://www.hmrc.gov.uk/helpsheets/p9x.pdf>

**Note: Further changes may be announced in the Spring Budget 2012 that may require an additional uplift in HMRC tax codes during May/June 2012 and the issue of P6B and P6 tax code updates.**

Additional information is also available in the following HMRC guides for the 2012/2013 tax year:

<http://www.hmrc.gov.uk/helpsheets/2012/e13.pdf>

<http://www.hmrc.gov.uk/guidance/2012/cwg2.pdf>

## National Insurance Contributions

HM Treasury has confirmed the following National Insurance Contributions values for 2012-2013:

	Lower Earnings Limit	Primary Threshold (PT)	Secondary Threshold (ST)	Upper Accrual Point	Upper Earnings Limit
Weekly	£107	£146	£144	£770	£817
Fortnightly 2 Week	£214	£293	£288	£1,540	£1,634
Lunar 4 Week	£428	£585	£576	£3,080	£3,268
Monthly	£464	£634	£624	£3,337	£3,540
Annual	£5,564	£7,605	£7,488	£40,040	£42,475

	Primary Contributions (employee)		Secondary Contributions (Employer)		
	Rate	Contracted-out rebate: COSR schemes only	Rate	Contracted-out rebate (COSR schemes)	COMP Schemes abolished from April 6 2012
Below LEL	Nil		Nil		
LEL to PT	0%	-1.4%			
PT to UAP	12%				
LEL to ST			0%	-3.4%	N/A
ST to UAP					
UAP to UEL	12%		13.8%		
Above UEL	2%				

## Statutory Payments

### Statutory Sick Pay (from 6 April 2012)

RATES	2011/2012	2012/2013
Earnings threshold	£ 102.00 per week	<b>£107.00 per week</b>
Standard rate	£ 81.60 per week	<b>£85.85 per week</b>

### Statutory Parental Payments (SMP, OSPP, ASPP & SAP) (From 1 April 2012)

RATES	2011/2012 (from 3 April 2011)	2012/2013 (from 1 April 2012)
Earnings threshold	£ 102.00 per week	£ 107.00 per week
Standard rate for SMP, OSPP, ASPP & SAP	£128.73 per week or 90% of average weekly earnings (whichever is the lower)	£135.45 per week or 90% of average weekly earnings (whichever is the lower)
Higher rate for SMP	90% of average weekly earnings	90% of average weekly earnings

The **Small Employers Compensation Rate** for the 2012/2013 tax year is 3% on payments made on or after 6 April 2012. The Small Employers Relief (SER) Threshold is £45,000.

## Collection of Student Loans

A change has been announced by the Department of Business, Skills and Innovation regarding the collection of student loans from pay under the Income Contingent Repayment Scheme. From April 2012 the threshold at which repayments begin will rise annually in line with the Retail Price Index.

The current threshold, which has been in place for seven years, will go up from £15,000 to £15,795, a rise of 5.3%.

## Pensions

### State Pension Age

The State Pension age for women is gradually increasing for those born on or after 6 April 1950 but before 6 April 1955 so that eventually it will be the same as men.

Women affected by the phasing arrangement will not reach State Pension age on their birthday but on a specified phased date in between birthdates.

The following table identifies the birthdates and associated point State Pension age is reached for the 2012/2013 tax year:

Date of birth	Date State Pension age is reached
6 April 1951 to 5 May 1951	6 May 2012
6 May 1951 to 5 June 1951	6 July 2012
6 June 1951 to 5 July 1951	6 September 2012
6 July 1951 to 5 August 1951	6 November 2012
6 August 1951 to 5 September 1951	6 January 2013
6 September 1951 to 5 October 1951	6 March 2013

Additionally the government have announced more changes to state pension age for both men and women, details can be found here:

[http://www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/DG\\_4017919](http://www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/DG_4017919)

### Pension Reform 2012

Further to last year's paragraph on this topic more detail is now available and a Ceridian Connection article was published in December 2011 which can be found here:

<http://www.ceridian.co.uk/connection/articles/pensions-and-pension-reform/>

The main impact of the changes will be felt from the second half of 2013 although some larger PAYE schemes will dictate compliance from October 2012 onwards.

Further information from The Pensions Regulator can be found at:

<http://www.thepensionsregulator.gov.uk/pensions-reform/>

## Removal of Contracting Out Status for COMP (DC) Schemes

Further to last year's announcement the contracting out status of money purchase schemes (COMP) ends at the end of the 2011-12 tax year on 5<sup>th</sup> April.

Employers who operate COMP schemes should have completed any review of their operation. For more information please see page 29 of the Employers' Bulletin.

<http://www.hmrc.gov.uk/paye/employer-bulletin/bulletin37.pdf>

The main changes you need to be aware of are that:

- From the start of the 2012/13 tax year the National Insurance contribution (NICs) category letters F, G, H, K, V and S are obsolete.
- The above NIC category letters must not be used or entered onto payroll and P14 submission for tax year 2012-13 onwards.
- Unless alternative arrangements are put in place for your employees to join a contracted-out salary related scheme, all your employees under State Pension age will be required to pay not contracted-out rate NICs (category letters A, B, J, R, T and Q) rather than the reduced contracted-out rate of NICs.

Ceridian Connection carried an article about this in October 2011 which can be read here:

<http://www.ceridian.co.uk/connection/articles/bye-bye-comp-schemes/>

## HM The Queen Diamond Jubilee – Bank Holiday

The Government has declared that Tuesday 5<sup>th</sup> June will be a UK Bank Holiday to celebrate the diamond jubilee of HM Queen Elizabeth II. In addition the Spring Bank Holiday has been moved from the usual last Monday in May to the first Monday in June (4<sup>th</sup>) to give a 4 day weekend. The 28<sup>th</sup> May is therefore a normal working day.

## eP60

A reminder that employers and their agents can issue employees with an **electronic copy** of the P60 called the **eP60**. Online Payroll Documents (OPD) has passed HMRC accreditation so that users can now take advantage of this. Employers must seek employees permission prior to making the switch and can move to make savings on production and distribution costs. For more details please follow this link:

<http://www.ceridian.co.uk/hr/newsletter/nav/1,4813,1462,00.html>

## Employer Provided Childcare: Basic Earnings Assessment (BEA)

In last years legislation update we advised of the changes to employer supported childcare, impacting childcare vouchers and directly contracted childcare provision.

All employees joining schemes as new members or returning to a scheme after a break of more than 52 weeks on or after 6th April 2011 require a basic earnings assessment be undertaken at the beginning of each tax year.

The tax free childcare limits for 2012-2013 Tax Year are as follows:

		Week	Month	Annum
Basic Rate (20% tax payer)	Up to £42,475	£55	£243	£2915
Higher Rate (40% tax payer)	£42,475 - £150,000	£28	£124	£1484
Additional Rate (50% tax payer)	£150,000 and over	£22	£97	£1166

For further information please read our connections article

<http://www.ceridian.co.uk/hr/newsletter/nav/1,4813,1437.00.html>

## HMRC Real Time Information 2013

Employers will be required to start submission of Real Time Information (RTI) from April 2013 onwards.

A Ceridian Connection article was published in November 2011 which outlines detail:

<http://www.ceridian.co.uk/connection/articles/ensuring-compliance-for-rti/>

We will be communicating with customers over the course of the next 12 months as to how Ceridian can assist employers in implementing the proposals through the Ceridian RTI Electronic Exchange services; the main burden will be upon development and technology rather than on the employer and this will obviously involve some commercial considerations.

For more information please see our Real Time Information Flyer:

[http://www.ceridian.co.uk/downloads/Real\\_Time\\_Information.pdf](http://www.ceridian.co.uk/downloads/Real_Time_Information.pdf)

## Updates and further information

Updates and further information can be found at [www.ceridian.co.uk/tye/](http://www.ceridian.co.uk/tye/)