



Payroll and Reward Update 2024

10 APRIL 2024

Presenters



Today's speaker
Ian Holloway
Payroll and Reward Consultant



Today's moderator
Peter Bickley
Technical Manager
ICAEW Tax Faculty



Did you know?

ICAEW's Continuing Professional Development (CPD) Regulations have changed. Members are now required to do a minimum number of CPD hours per year.

This webinar could contribute to up to 1 hour of verifiable CPD, so long as you can demonstrate that the content is relevant to your role.



Agenda Items

- Be aware
- Payroll
 - Rates and allowances 2024/25
 - The UK Budget 2024
 - Ending 2023/24
- Employment Law / Working Time
 - Paternity leave and pay
 - Holiday leave and pay
 - Other
- Pensions
 - Abolition of the Lifetime Allowance
 - Extension of auto-enrolment
 - Tax relief
- On the horizon
 - Hours on payslips
 - Mandating the payrolling of benefits.



Elections 2024





Be Aware

Be Aware

- CIS reforms from April 2024
 - Obtaining and retaining Gross Payment Status (GPS)
 - [Policy Paper](#)
 - [Agent Update 118](#)
 - [Employer Bulletin March 2024](#)
- National Minimum / Living Wage
 1. [The National Minimum Wage \(Amendment\) Regulations 2024](#)
 - *'Live-in domestic worker exemption'* amended for NMW / NLW
 2. [The National Minimum Wage \(Amendment\) \(No. 2\) Regulations 2024](#)
 - NLW payable from age 21
 - [Rates](#) (payable from the first pay reference period starting on or after 01 April).



Be Aware

- Holiday leave entitlement where:
 - Leave year is 01 April to 31 March and
 - '20 days' holiday plus bank holidays'

2023/24 Leave Year			2024/25 Leave Year		
	<u>Date</u>	<u>Bank Holiday</u>		<u>Date</u>	<u>Bank Holiday</u>
1	07/04/2023	Good Friday	1	01/04/2024	Easter Monday
2	10/04/2023	Easter Monday	2	06/05/2024	Early May
3	01/05/2023	Early May	3	27/05/2024	Late May
4	08/05/2023	Coronation	4	26/08/2024	August
5	29/05/2023	Late May	5	25/12/2024	Christmas Day
6	28/08/2023	August	6	26/12/2024	Boxing Day
7	25/12/2023	Christmas Day	7	01/01/2025	New Year
8	26/12/2023	Boxing Day			
9	01/01/2024	New Year			
10	29/03/2024	Good Friday			

- Good Friday is 18 April 2025
 - Therefore, 2023/24 leave year is **20 days + 10 Bank Holidays**
 - 2024/25 leave year is **20 days + 7 Bank Holidays.**



Be Aware

1. Form [SPP1](#) change
 - Reference '*HMRC 03/24*'
2. [CWG2](#) updates
 - 09 April 2024 version
3. HMRC's helplines
 - [February 2024](#)
 - Webchat, [PAYE digital assistant](#) and '[where's my reply](#)' remain in place
 - [19 March 2024](#)
 - [U-turn 20 March 2024](#)
 - Self-Assessment helpline closed until 30 September 2024 – use webchat
 - '*SA peak helpline*' 01 October to 31 January every year
 - VAT helpline only open for 5 business days each month - use webchat
 - PAYE helpline will not deal with PAYE refund calls – use the digital assistant and webchat
4. Reporting '*Salary Advances*' through RTI
 - Payments on account of earnings, NOT advances
 - [The Income Tax \(Pay As You Earn\) \(Amendment\) Regulations 2024.](#)



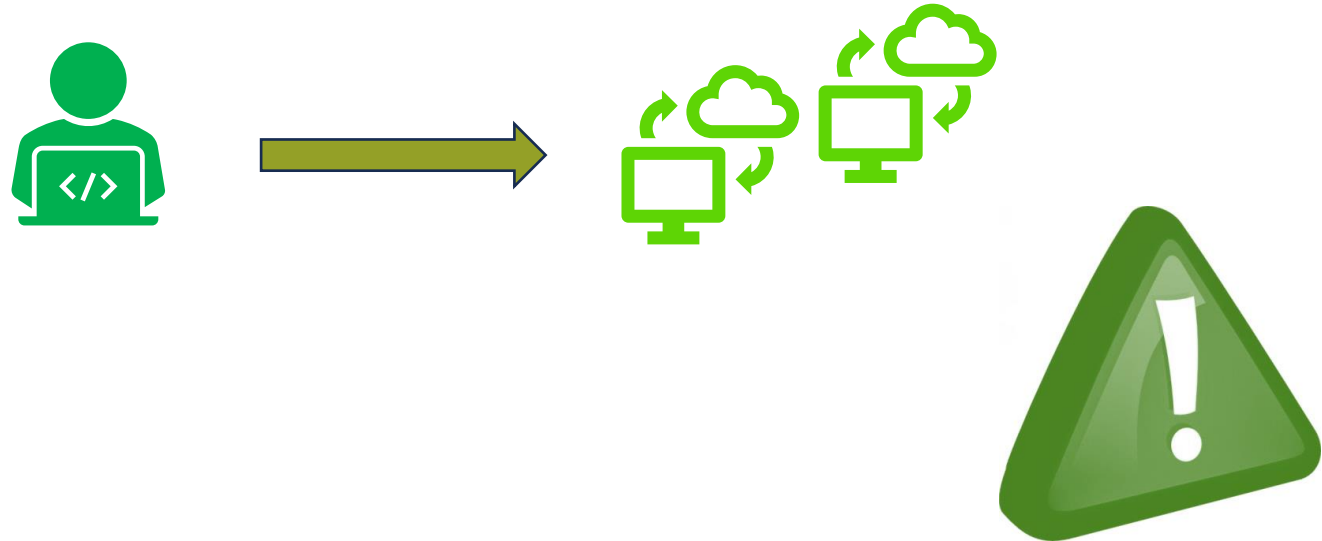
Be Aware

The Tax Code

- The Starter Checklist
 - A = Emergency (cumulative)
 - B = Emergency (non-cumulative)
 - C = BR (cumulative)
 - *No Checklist = C and OT (non-cumulative)*

RTI Matching Data

1. National Insurance Number
2. Full name
3. Current gender
4. Date of birth
5. Address.





Payroll

Rates and Allowances

- Rates and allowances 2024/25 and ICAEW's document
- The Personal Allowance at 2021/22 level
 - £12,570
 - Marriage Allowance at £1,260
- Student Loan thresholds:
 - Plan 2 and
 - Plan 3 (PGL)
- AE Thresholds
- The rUK Income Tax limits
 - Basic Rate limit (£37,700)
 - UK Higher Rate threshold is £50,270 until April 2028
 - UEL aligned to the Higher Rate threshold
- The Scottish Taxpayer anomaly
 - NICs are payable at the lower rate when earnings exceed £50,270
 - Higher Rate Income Tax payable when earnings exceed £43,662
 - Effective tax rate of 50% (42% + 8%).



New NI Letters

Investment Zones

- Already employer NICs '*holidays*':
 - UST (aligned to the UEL £50,270)
 - AUST (£50,270)
 - VUST (£50,270)
 - FUST (£25,000)
- Now IZUST (aligned to the value of the FUST)
 - HMRC [Policy Paper](#) 15 March 2023
- From April 2024
 - **N** (equivalent to A or F for Freeport special tax sites)
 - **E** (equivalent to B or I for Freeport special tax sites)
 - **K** (equivalent to C or S for Freeport special tax sites)
 - **D** (equivalent to J or L for Freeport special tax sites).



06 March 2024

The Red Book



IFS Report 'Constraints and trade-offs for the next government'

IFS 'tell us where the spending cuts will fall'.

Autumn Statement 2023

- For paydays on and after 06 January 2024:

Band	Standard	Pensioners	Reduced	Deferred
Table Letters	A / F / H / M and V	C / S	B / I	J / L and Z
Earnings up to LEL	NIL	NIL	NIL	NIL
Earnings between LEL and PT	0%	NIL	0%	0%
Earnings between PT and UEL	10%	NIL	3.85%	2%
Earnings above UEL	2%	NIL	2%	2%



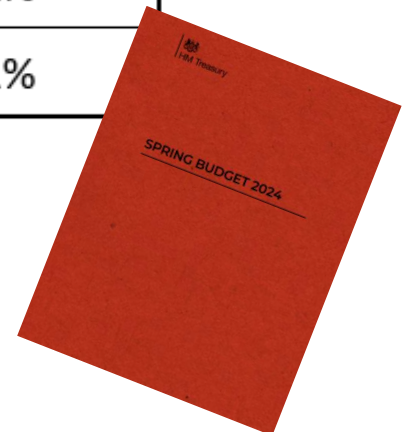
- 'Blended' rate for directors at 11.5%.



UK Budget 2024

- For paydays on and after 06 April 2024:

Band	Standard	Pensioners	Reduced	Deferred
Table Letters	A / F / H / M / N and V	C / K and S	B / E and I	D / J / L and Z
Earnings up to LEL	NIL	NIL	NIL	NIL
Earnings between LEL and PT	0%	NIL	0%	0%
Earnings between PT and UEL	8%	NIL	1.85%	2%
Earnings above UEL	2%	NIL	2%	2%



High Income Child Benefit Charge

Where '*adjusted net income*' is over £50,000

- Value is tapered by 1% for each £100 above
 - At £60,000, the value of Child Benefit is zero
- From 06 April 2024 ([Policy Paper](#))
 - Income threshold increases from £50,000 to £60,000
 - Taper is 1% for each £200 (meaning the value is zero at £80,000)

Action!

- HICBC applies for 2023/24
 - Opt back into Child Benefit from 06 April 2024
- Tax returns?
 - Not a green light to stop tax returns
 - HMRC will still expect a tax return unless there is an opt out.





Ending The Tax Year

Ending 2023/24 Checklist

- The P60
 - Statutory obligation
- The P11D and leavers
 - Statutory obligation
- Checklist
 - The Basic Earnings Assessment?
 - Employment Allowance eligibility?
 - Apprenticeship Levy Allowance?
 - Small Employers' Relief (£45,000)
 - Week 53 / 54 / 56?
 - Directors
 - Payrolling benefits?
- The P9X 2024



See following slides for information

The P60

Statutory obligation

- Issue ONE P60 '*before 01 June*'
 - [Income Tax \(PAYE\) Regulations 2003 \(67\)](#)
- For employees employed on the last day of the tax year
 - And deemed employees
- Where a payment was made with the obligation to deduct Income Tax

Notes

- Leavers:
 - Last known address
- 2010 / 11 onwards:
 - E-P60s
 - Duplicates do not have to be marked '*DUPLICATE*'
 - Amended P60s can be issued but must be marked '*REPLACEMENT*'.

P60 End of Year Certificate
Tax year to 5 April 2024

P11Ds to Leavers?

Statutory obligation

- Income Tax (PAYE) Regulations 2003 (85 and [94](#))
 - Before '07 July
- A current employee
 - In employment on the last day of the tax year
 - Before 07 July
- A former employee
 - Leaver between 06 April and 06 July
 - Last known address
 - Therefore, other former employees:
 - On request.

P11D

Employer entries are clear on both sides of the form.

Note to employer:
Fill in this return for a director or employee for your P11Ds and one P11D(b) by 6 July. If you registered online for payroll, you can also payrolled benefits on the P11D. For more information, see HMRC guidance/paying-your-employees-expenses-and-benefits.

Note to employee:
Keep this form in a safe place. You'll need it to complete your tax return if you get one. The box numberings on this form correspond to the 'Employment' page of the tax return.

Employee name
Surname
First name(s)
Works number/department
National Insurance number
If a director tick here
Date of departure

Class 1A National Insurance contributions on most benefits. These are shown in boxes with the following headings: (cars, property, goods or other assets) Cost/market value or amount foregone

The Basic Earnings Assessment



Entrants Post-06 April 2011 to 04 October 2018:

		Weekly	Monthly	Annual
		£	£	£
Basic	Up to £50,270	55	243	2,915
Higher	£50,271 – £125,140	28	124	1,484
Additional	Over 125,140	25	110	1,325



Guidance

- [Employer-Supported Childcare](#)
 - Dated 04 October 2018

Week 53 (54 and 56)?



- No NICs considerations
- Income Tax
 - Week 1 / month 1 code
 - Additional 1, 2 or 4 weeks' pay adjustment
- Yet, no entitlement to the additional pay adjustment!
 - HMRC may issue / send P800



Guidance

- HMRC PAYE Manual
 - [PAYE Manual page 70015](#).

Directors



- A *'blended'* rate of 11.5% for 2023/24
 - 9 months at 12%
 - 3 months at 10%
- To be paid:
 - Use 11.5%
- Already paid:
 - Recalculation
- Annual reconciliation:
 - Use 11.5%



Guidance

- [CA44](#) to 05 January 2024
- [CA44](#) from 06 January 2024.

Other Tasks



Software

1. Employment Allowance eligibility?
 - Annual claim via the EPS
2. Apprenticeship Levy Allowance?
 - Connection
 - Allocation / reallocation
3. Small Employers' Relief (£45,000)
 - Eligibility?
 - Continuing eligibility?

Administration

1. Taxed Award Schemes (TAS) for 2023/24
 - [Agree by 06 July 2024](#)
2. Payrolling benefits
 - [Register by 10pm 05 April 2024](#)
3. Final FPS / EPS indicator
 - By 19 April 2024.

Form P9X 2024/25

Tax codes to use from 6 April 2024

- [The P9X](#)

Suffix	2023/24	2024/25	Change	Change
	£	£	£	Points
L	12,570	12,570	0	0
M	13,830	13,830	0	0
N	11,310	11,310	0	0

- Other codes issued in coding run
- New employees
 - On or before 24 May 2024
 - On and after 25 May 2024
 - ['Which Tax Code to Use'](#)
- BPT new release.



Employment Law

Employment Law and Devolution



- Employment Rights Act 1996
- Working Time Regulations 1998

- Employment Rights Order (Northern Ireland) 1996
- Working Time Regulations (Northern Ireland) 2016

Statutory Paternity Leave and Pay

Who and when

- Adoptions – placements on and after 06 April 2024
- Births – expected on and after 07 April 2024
 - [Gov.UK guidance](#)
 - [The Paternity Leave \(Amendment\) Regulations 2024](#)

Changes

- SPL / P in first 52 weeks of birth / placement
 - Not 56 days
- 2 weeks can be taken in separate blocks of one week
 - Not 1 or 2 weeks taken consecutively
- Notifications:
 - Entitlement - 15 weeks before birth / placement
 - Leave – 28 days before start



Employment Law 06 April 2024

- Protection from Redundancy (Pregnancy and Family Leave) Act

- The Maternity Leave, Adoption Leave and Shared Parental Leave (Amendment) Regulations 2024
- 06 April 2024
- Extends existing protections
- EHRC pregnancy and maternity protection [toolkits](#)

- Employment Relations (Flexible Working) Act

- The Flexible Working (Amendment) Regulations 2023
- 06 April 2024
- Extends the exiting right to request flexible working
- Acas [Code of Practice](#)

- Carer's Leave Act

- Carer's Leave Regulations 2024
- 06 April 2024
- Statutory unpaid entitlement where a dependant has a long-term care need

- The Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023



Holiday Leave and Pay (1)

- Leave Years Starting on and after 01 January 2024
 - The definition of pay (2023 Regulations in GB and NI)
 - [Guidance](#) (5.1)

1. Regulation 13 / 15 Leave (4 weeks)

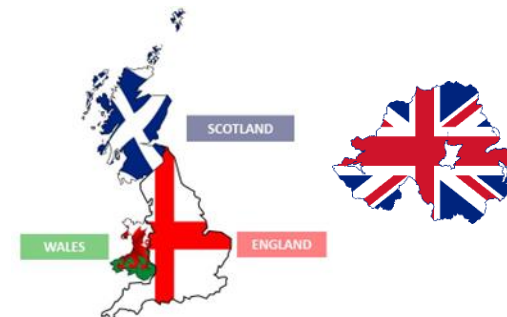
- *'Intrinsically linked'* payments
- *'Professional or personal status'*
- Other payments regularly paid in the last 52 weeks
 - 12 in Northern Ireland

2. Regulation 13A / 16 Leave (1.6 weeks)

- A *'week's pay'* as per the Employment Rights Act 1996
- A *'week's pay'* as per the Employment Rights Order 1996

3. *'Over and above'* Leave

- As per the contract of employment



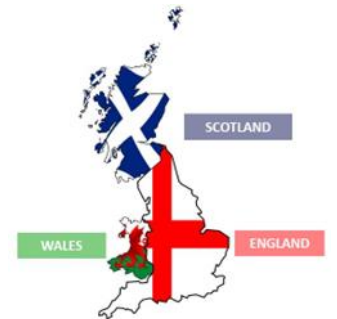
Holiday Leave and Pay (2)

- Leave years starting on and after 01 April 2024
 - Irregular hours workers
 - Part-year workers
 - Rolled-up holiday pay (RHP)
 - [Guidance](#)



Other Employment Law

- Employment (Allocation of Tips) Act
 - 01 July 2024
 - Fair distribution of tips, gratuities and service charges
 - New Code of Practice in [draft](#)
- The Workers (Predictable Terms and Conditions) Act
 - September 2024?
 - Draft [Code of Practice](#)
 - Where the contract contains an element of unpredictability
- Worker Protection (Amendment of Equality Act 2010) Act
 - October 2024?
 - Equality and Human Rights Commission (EHRC) Code of Practice
 - Employers are liable for harassment of their workers.





Pensions

Pensions

Abolition of the Lifetime Allowance from April 2024

- [Pensions Schemes Newsletter 158 — April 2024](#)

State Pension age

- Ministerial Statement 30 March 2023
 - ['Next Parliament'](#)

Extension of Auto-Enrolment

1. Lower AE / ARE age from 22 to 18
 2. Remove Lower QEB
- [The Pensions \(Extension of Automatic Enrolment\) Act 2023](#) (workers)
 - [Government support](#)
 - Gives power to the DWP
 - NOT IN FORCE – await DWP announcement.



Pensions

Tax Relief Administration

- Net Pay Arrangement
 - No changes
 - Top-up payments to low earners from 06 April 2024 (after the end of the tax year)
 - [Finance \(No.2\) Act 2023](#) and [Pension Schemes Newsletter 148](#)
- Relief at Source
 - Digitisation of tax relief (for pension scheme administrators)
 - Monthly claim from 06 April 2025
 - Delayed until '*at least*' April 2027
 - [Policy Paper](#) and [Pensions Newsletter 154](#).





On the Horizon

Student Loan Plan 5

The Education (Student Loans) (Repayment) (Amendment) (No. 4) Regulations 2022

- PGL renamed Plan 3
- Plan 5 introduced:
 - English borrowers (from AY 2023/24)
 - Repayment 9%
 - Repayment threshold of £25,000 until the end of tax year 2027/28
 - Repayment term 40 years
 - Repayable from 2026/27
- Default Plan is the one with the lowest repayment threshold.

HMRC Data Gaps

- HMRC's 'data gaps'

- [Responses document](#)

~~1. Business Sector of the Self-Employed~~

~~2. Occupations of Employees and the Self-Employed~~

~~3. The Location of an Employment or a Business~~

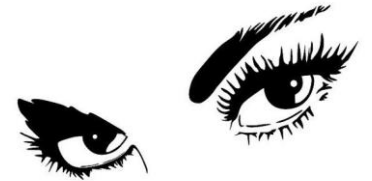
4. Dividends Paid to Shareholders in Owner-Managed Businesses

5. The Start and End Dates of Self-Employment

6. The Hours Employees Work

- Finance Bill:

- Only if HMRC '*consider that the information is relevant*' for the collection of tax.



The Finance Act 2024

NOW

- Clause 36 reads *'may make different provision for different purpose'*
 - Draft legislation: [Improving the data HMRC collects from its customers](#)
 - Consultation open until 09 May 2024



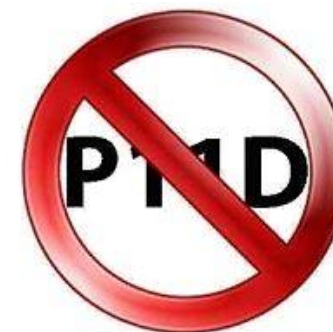
From April 2025:

- Exceptions where no hours worked and only:
 - In receipt of statutory payments
 - Payrolled benefits
 - Termination payments
 - Output work
 - Officeholders (with no set hours)
- Hours each pay period reported via RTI
 - Hourly paid
 - Contractual hours
- This will not work!



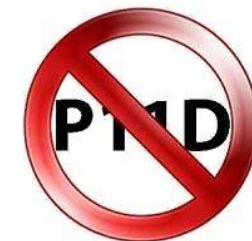
Payrolling Benefits

- Voluntary since 2016/17
 - Register by 10pm on 05 April
- *'Simply'*:
 - Employer registers to payroll benefits (rather than the P11D)
 - Benefit removed from the tax code by HMRC
 - Benefit is processed each pay period by the employer
 - Tax is paid in real-time
- E.G. £600 per annum on a monthly payroll
 - £600 / 12 =
 - £50 per month
- *'Simplification update - January 2024'*:



'The government will mandate the reporting and paying of Income Tax and Class 1A National Insurance Contributions (NICs) on benefits in kind via payroll software from April 2026'

Payrolling Benefits



Income Stream?

- P11Ds are going. Last submission July 2026 (for tax year 2025/26)

Details?

- On-going discussions
 - Accommodation and beneficial loans
 - Making good
 - Payment (and calculation) of Class 1A in real time
- What about
 - Registration
 - Payslip wording and communication
 - Changes
 - Policies, procedures, processes etc
- Agent registration
 - [Agent Update March 2024](#) - from April 2024
 - [Employer Bulletin March 2024](#) – from May 2024!
- [‘Taxing employees’ benefits and expenses through your payroll’](#)



The Accounting Excellence Awards

- [Categories](#)

Payroll Team of the Year

- To recognise excellence in payroll
- Not practice specific
- Teams of two or more



'Judges will be looking for teams that can demonstrate how their service contributes to the wider success of client businesses'

SUMMARY

Summary

- Be aware
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 - Rates and allowances 2024/25
 - The UK Budget 2024
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- Employment Law / Working Time
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 - Holiday leave and pay
 - Other
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Thank You

Ian Holloway

Upcoming Tax Faculty webinars

- 18 April: Expanding the Cash Basis
- 24 April: MTDtalk

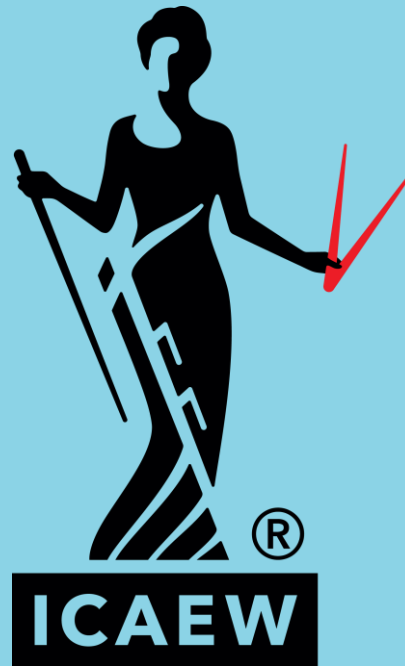
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