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

- MBKB Apprenticeship Ambassadors
- Autumn Budget 2021
- Employer NIC relief when employing veterans
- Improving how we communicate with government
- Universal Credits and payroll
- PayrockPayroll update

I delayed writing this month's newsletter to enable me to provide you with an update about the Autumn Budget, although with the number of leaks in the days before the Chancellor's speech, I probably could have written most of this last week anyway! But that aside, alongside the headline grabbing measures included in this week's Budget statement, the accompanying Budget document (202 pages if any of you fancy a little light bedtime reading!) also includes some other little gems that may just have an impact on your company or your workers. I will be including all this information and more in next month's webinar. Register now for the session on 26 November at 10.00. Booking details are in the PayrockPayroll update at the end of this newsletter.

But first of all I want to tell you about an exciting opportunity for MBKB apprentices past and present...

MBKB Apprenticeship Ambassadors

Would you like to help shape the future of apprenticeships? MBKB is proud to launch its Apprenticeship Ambassador programme. We are looking for individuals who are, or have previously been, an apprentice with MBKB and can spare a couple of hours every two months to help us establish our ambassador programme.

The programme will provide additional support to all apprentices, support the Board of Governors, and oversee and monitor MBKB's performance, all whilst providing engaging career development for you and your fellow apprentices.

If you would like to find out more, please use this [link to register](#) for the no obligation introduction event on 1 December at 2pm.

Autumn Budget 2021

Although this newsletter focuses predominantly on matters affecting payroll, I feel it would be wrong not to mention the changes to the tapering of Universal Credit, meaning that those in work who receive Universal Credit will be able to keep more of their benefit. Currently, an individual receiving Universal Credit sees their benefit reduced by 63p for every £1 that they earn. The Chancellor has promised that, by no later than 1 December 2021, the taper rate will change to 55p, meaning that individuals will be able to keep more of their benefits, ie 45p instead of 37p when working.

And a purely indulgent hurrah from me at the news that the alcohol duty on sparkling wine will be reduced. I must crack open a bottle of prosecco to celebrate that news! But what this actually means is that alcohol duty (which is another word for tax) is going to be reformed from 2023 so that drinks with a higher alcohol level will pay the most duty.

Turning now to the key announcements for payroll...

Income tax

As previously announced, the income tax rates, allowances and thresholds in England for 2022-23 remain the same as those for 2021-22. The Scottish and Welsh governments have not yet announced their plans for 2022-23.

National Insurance contributions

Whilst the Upper Earnings Limit remains frozen at £967, other thresholds have increased in line with the Consumer Prices Index, with the Lower Earnings Limit increasing to £123, and the Primary and Secondary Thresholds increasing to £190 and £175 respectively.

National Insurance contribution rates will increase by 1.25% for year 2022-23 only, as a forerunner to the introduction of the Health and Social Care Levy in 2023-24.

National Minimum Wage

We knew before the Budget announcement that the National Living Wage would increase to £9.50 in April 2022, with the intention being that in April 2024, the age at which NLW is payable will reduce to 21. Apprentices will be pleased to see that next year they receive the greatest rise of all the bands, increasing by 11.9% so their rate is aligned with that of 16-17 year olds.

NMW and NLW	For pay periods from 1 April 2021	For pay periods from 1 April 2022
NLW (age 23 and over)	£ 8.91	£9.50
21-22 year old rate	£ 8.36	£9.18
18-20 year old rate	£ 6.56	£6.83
16-17 year old rate	£ 4.62	£4.81
Apprentice rate (under 19 years old or 19 and over but in 1st year of apprenticeship)	£ 4.30	£4.81
Accommodation Offset	£ 8.36	£8.70

Pensions tax relief anomaly

This isn't the first time that I've mentioned the pensions tax relief anomaly, as it is a topic about which I have campaigned for years to have addressed. So I'm thrilled to say that at last the government has finally agreed to implement a solution to the issue of low paid workers enrolled into net pay arrangement pension schemes, not receiving the tax relief that the rest of us take for granted.

It's disappointing the solution won't be implemented until the 2024-25 tax year, but at least then the low paid will finally receive the government contribution the rest of us receive automatically.

The solution lies in a system which will make top-up payments directly to low-earning individuals saving in pension schemes using a net pay arrangement from 2024-25 onwards. These top-ups will be paid after the end of the relevant tax year, with the first payments being made in 2025-26 and continuing from then on.

Anti-Money Laundering Levy

This new levy is not like the Apprenticeship Levy which applies to all businesses over a certain size, but it will still apply to many of those reading this newsletter today, any business in fact that is registered with a supervisory authority to follow anti-money laundering regulations, as long as they are over a certain size. The regulations apply to many business sectors, including:

- Financial and credit businesses
- Independent legal professionals
- Accountants, tax advisers, auditors and insolvency practitioners (which may include payroll service providers)
- Trust and company service providers
- Estate agents
- Casinos

Coming into effect in the 2022-23 financial year, this new levy will apply to those businesses covered by the anti-money laundering regulations with the amount payable determined by their size, based on UK revenue from periods of account ending that year.

Amounts will be payable following the end of each financial year, so the first payments will be made in the financial year 2023-2024 and will be paid as a fixed fee based on their size band, with small businesses exempt from paying the levy. There will be four size bands:

- Small (under £10.2m UK revenue)
- Medium (£10.2m – £36m)
- Large (£36m - £1bn)
- Very large (over £1bn)

Claiming employer NIC relief when employing veterans

In August's newsletter I told you that from April 2022, employers will be able to use NIC category V when employing qualifying veterans, which means that they will not need to pay secondary NICs up to the newly created Veteran's Upper Secondary Threshold (VUST) mirroring the existing Upper Secondary Threshold (UST), thus allowing employers to claim NIC relief in real time. However, what was not clear at that time was how employers would go about claiming back the NIC relief for any veterans they have employed during the current 2021-22 tax year. That guidance has now been published.

It may be possible for employers to reclaim overpaid NIC through their payroll software or HMRC's Basic PAYE Tools following the end of this tax year, however where this is not possible, employers will be able to write to HMRC from 6 April 2022 to request relief. More details will be given nearer the time.

Improving how we communicate with government

Communicating and interacting with the various government departments has long been the source of frustration / anger / despair (delete as appropriate) and I say that as someone who worked for HMRC for nearly 30 years, trust me, it's no easier when you work there either!

So I have mixed feelings about the announcement of two new tools which aim to make communication easier, though like most of you I suspect, I remain to be convinced.

Check when you can expect to receive a reply from HMRC

The first innovation is an [online tool](#) which allows you to check when you should receive a reply to a query or request you have made to HMRC.

The tool asks a series of questions related to the query and the date it was submitted. It then provides you with an expected response date. If no response is received from HMRC by this date you are advised to contact HMRC again. Individuals and employers can use the tool for queries regarding income tax, Self-Assessment and tax credits.

I'm not saying a word!

GOV.UK app planned

The government has announced plans to make it easier for the public to access online government services via an app.

Currently, there are 191 different ways for people to set up a variety of accounts to access different services on GOV.UK, with 44 different sign-in methods. Compare this to the private sector, where people expect to be able to log into and access a variety of different services via their smartphone.

In response the government is hoping that its new app will allow people to access services much more easily, instead of having to go through multiple online processes. It aims to give users the option to use the technology in their smartphones to quickly access government services online via GOV.UK, meaning that customers will no longer have to remember multiple usernames and passwords to access services.

So far there has no date given as to when we can expect this app, let's hope they make speedy progress!

Universal Credits and payroll

Last month I wrote about the changes made to the Universal Credit system meaning that DWP's system will now identify those claimants who have received a second monthly salary payment in one benefit assessment period, perhaps as a result of being paid early at Christmas or Easter. DWP staff now have the ability to move the second payment across to the following assessment period in the system, which will mean that the claimant's benefits don't differ from one month to the next because the system misinterprets that the claimant has received higher wages in one calendar month.

And whilst this is a huge step forward, there is another situation which has long caused problems, particularly for Local Authorities, which is what happens to those workers routinely paid every four weeks, as there will be occasions during the year when they receive two salary payments in one month. This has been the subject of a long running court case, and earlier this month the court of appeal ruled that DWP does not need to adjust its systems to accommodate this pay frequency.

The claimants in the case are still deciding whether to appeal, however this does leave Local Authorities with a big conundrum...do they change their pay frequency to calendar months, or accept that the four-weekly pay frequency will continue to present significant problems for Universal Credit claimants unless any future appeal is successful?

PayrockPayroll Update

November Payroll Update

Join me on Friday November 26 at 10am for a live webinar in which I explore in more detail the changes we can expect in the payroll world now and over the next few months. It's also an opportunity for you to network and share knowledge and experiences with other payroll professionals.

Follow this [link](#) to register your place

Structured Flexible Apprenticeships

If you're reading this newsletter then the chances are that you've had some involvement in apprenticeships at some point or another, either because you've been an apprentice, or you have managed an apprentice. And we know there are some key questions that come up every year such as:

- "Why must I do every single module, when I already know some of the elements and have been doing them for years?"
- "Can I undertake modules and develop my career in a way that works for me and my organisation?"

Well, here at MBKB we listen, and we are excited to introduce the first fully tailored apprenticeship and development programme which will enable you to undertake a learning programme and enhance that programme with what you need, when and how you need it.

We call it STRUCTURED FLEXIBILITY.

You choose one of four core routes for your career development

- Leadership / HR
- Payroll and Finance
- Quality Assurance
- Specialists

And then comes the special part – once you have selected your core apprenticeship you can enhance it by selecting two units from any other apprenticeship. Find out more by watching this [short video](#), or email train@mbkggroup.com

It's your life, your career and now, it's YOUR apprenticeship.

PayrockPayroll networking groups

We all know that the payroll profession is a complex world of constantly changing rules, and interpreting those rules so that you can fulfil your obligations can sometimes make you feel like the weight of that world rests on your shoulders. To share that weight, to learn from the experiences of others, to network and share advice and good practice with other payroll practitioners, why not join our social media networking groups on LinkedIn and Facebook.

Follow this link to join the [PayrockPayroll LinkedIn](#) group

Join the [PayrockPayroll Facebook](#) group using this link

Payroll support helpdesk available to PayrockPayroll members

You can now access our payroll support helpdesk, we know that 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 service, all you need do is email your query to payrollsupport@mbkggroup.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 weekly
- PayrockPayroll e-newsletter – Monthly
- Payroll helpdesk / support - 10 queries
- 1 x short course delivery
- PayrockPayroll - Annual Industry Festival

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