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

- Take 60 seconds to update your contact preferences
- Closure of the SSP rebate scheme
- Rates and thresholds for 2022-23
- Important information about the forthcoming NIC changes
- Re-calculating SMP as a result of NMW rises
- Changes to the Construction Industry Scheme

PayrockPayroll update



Hi Mark.

There's a lot to tell you about this month, some of which you may find surprising. From the real impact the 1.25% increase in the rate we pay NIC will have on wages, to the effect the forthcoming NMW increase may have on Statutory Maternity Pay you've already paid out, to the reason why everyone needs to use the new Freeport Upper Secondary Threshold, irrespective of where your business is located, this edition tells you what you need to know.

Take 60 seconds to update your contact preferences

To make sure that you only receive the communications from us that you want to receive, please can you take 60 seconds to update your preferences using the button below

[Update Now](#)

Closure of the SSP rebate scheme

The Statutory Sick Pay Rebate Scheme will close on 17 March 2022. Employers have until 24 March 2022 to submit any new claims for absence periods up to 17 March 2022, or to amend claims which have already been submitted.

Employers will no longer be able to claim back SSP for their employees' coronavirus-related absences or self-isolation that occur after 17 March 2022.

Normal SSP rules will apply from 25 March, meaning employers can revert to paying SSP from the fourth qualifying day their employee is off work regardless of the reason for their sickness absence. More information on SSP rules is available on [GOV.UK](#)

Rates and thresholds for 2022-23

Automatic enrolment thresholds frozen

Each year the DWP undertakes a review which recommends the automatic enrolment thresholds for the coming year.

The automatic enrolment earnings trigger determines who is eligible to be automatically enrolled into a workplace pension by their employer in terms of how much they earn. There is also a qualifying earnings band in respect of which contributions are made – the band is defined by the lower earnings limit and the upper earnings limit. The earnings trigger and the qualifying earnings bands are often jointly referred to as the automatic enrolment earnings thresholds.

This year's review recommended that the rates be frozen at 2021-22 levels, meaning that for the first time ever the automatic enrolment lower earnings limit at £6,240 is different to the National Insurance Lower Earnings Limit which rises to £6,396 in April.

The automatic enrolment earnings thresholds for 2022-23 are as follows:

AE thresholds and limits		
	2021-22	2022-23
Earnings threshold	£10,000	£10,000
Lower limit of earnings band	£6,240	£6,240
Upper limit of earnings band	£50,000	£50,270

Student loan repayment thresholds confirmed

Although the repayment thresholds applying in 2022-23 for Plan 1 and Plan 4 loans were announced at the end of last year, it is only recently that the government has announced that the Plan 2 and Postgraduate loan repayment thresholds will remain frozen at 2021-22 levels next year.

The percentage recovery rates and the threshold at which deductions commence in 2022-23 are shown in the table below:

Loan type	2021-22				2022-23			
	Annual threshold	Monthly threshold	Weekly threshold	Rate	Annual threshold	Monthly threshold	Weekly threshold	Rate
Plan 1	£19,895	£1,657.91	£382.59	9%	£20,195	£1,682.91	£388.36	9%
Plan 2	£27,295	£2,274.58	£524.90	9%	£27,295	£2,274.58	£524.90	9%
Plan 4	£25,000	£2,083.33	£480.76	9%	£25,375	£2,114.58	£487.98	9%
Post-graduate	£21,000	£1,750.00	£403.84	6%	£21,000	£1,750.00	£403.84	6%

MBKB payroll factcard now available from the MBKB website

Once again we have collated all the payroll facts and figures that you will need for the next tax year into one factcard which is free to download from the [MBKB website](#)

Important information about the forthcoming NIC changes

Health and Social Care Levy

I can't imagine there are many people in the country who aren't aware of the Health and Social Care Levy which is being collected through an increase to National Insurance contributions from April 2022 before the separate levy comes into effect in April 2023.

But do you know (and equally as important, do the staff that you pay know) the impact this will have on your wages? I'm afraid there's no nice way of saying it, your wages will go down from April!

The bit that's confusing is how much they will go down by. We've been told that our National Insurance contributions will increase by 1.25% but what does that actually mean? It doesn't mean that the NI contributions will go up by 1.25%, it actually means that the % at which we are charged NI will increase by 1.25%, resulting in our NIC going up in real terms by almost 10%. The following example uses the Primary Threshold in force in the relevant tax year and shows how the NIC deducted will increase even though the salary remains the same.

You might want to start communicating with your workers now, so they know what to expect when they are paid in April.

Annual salary	£25,000
Monthly salary	£2,083.33
Employee's Monthly NIC 2021-22	£154.36
Employee's Monthly NIC 2022-23	£166.99
Difference	£12.63

Claiming back NIC relief for employing veterans in 2021-22

I've mentioned in past newsletters about the introduction, in April 2021, of a zero rate of employer's Class 1 NICs on the earnings of a qualifying veteran. Although there will be a new threshold and NIC category (V) coming in April 2022, enabling employers to claim this relief in real time, any employer of a qualifying veteran between 6 April 2021 and 5 April 2022 has had to pay the NIC as normal and claim it back from 6 April 2022 onwards.

HMRC has now provided the [guidance](#) explaining exactly how this relief can be claimed back.

Most employers will claim the relief by submitting a revised Final Payment Submission (FPS) after 6 April 2022 using NI category letter V for qualifying veteran employees who were previously on NI category letter A. Employers of veterans on other NI category letters, or who are unable to claim back using an FPS, should write to HMRC heading the letter 'Overpaid National Insurance contributions' and including the following information:

- The employee's name, date of birth and National Insurance number
- Why you are reclaiming the veteran's relief
- That you cannot amend through payroll reporting
- The period you have overpaid in
- That you are claiming for a qualifying veteran and have evidence to show this (HMRC may ask to see this at a later date)
- The account number, sort code and account name for the bank account where you want the refund to be paid

You should send your letter to the following addresses:

Submit your claim for one employee to:
HM Revenue and Customs
National Insurance Contributions and Employer Office
BX9 1AN

Submit your claims for more than one employee to:
HM Revenue and Customs
National Insurance Contributions and Employer Office
BX9 1BX

Why the new Freeport Upper Secondary Threshold (FUST) will affect everyone

I explained about the introduction of secondary NIC relief for employers based in Freeports back in [August 2021](#) but what none of us expected was that we would all need to use the FUST when undertaking manual NIC calculations, whether or not we're based in a Freeport site.

The first we heard of it was when the technical specifications for payroll software developers were published which included example calculations using the FUST.

In practice, most of us will be unaware of how our payroll software is calculating the NIC when processing our payrolls, but if you are an apprentice who will be asked to perform calculations in your end point assessment, or a payroll practitioner asked to explain a calculation to one of your employees, you will need to know to include this threshold.

The FUST is set at £25,000 so it is not aligned with any other upper secondary thresholds which are all £50,270. Calculating using this threshold may only affect the result by 1 or 2 pence, but it's important that you know that the threshold is there and must be used.

Re-calculating SMP as a result of NMW rises

It's been 17 years since the Alabaster ruling brought about changes requiring employers to re-calculate a woman's entitlement to Statutory Maternity Pay (SMP) if she is awarded a pay rise (or would have been awarded a pay rise had she not been on maternity leave) which takes effect at any time between the start of the period used to calculate her SMP and the end of her maternity leave. The earnings-related pay (which for most women is six weeks but for lower earners can be 39 weeks) must go up to take account of that pay rise.

The increased National Minimum Wage and National Living Wage rates for pay periods commencing on or after 1 April 2022 may mean that employers who have already calculated SMP for their workers, might need to recalculate it.

SMP must also be re-calculated to reflect pay rises taking effect before the start of the relevant period but where the earnings used in the calculation had not at the time of the calculation been adjusted to reflect that pay rise.

It's important to note that if the recalculation means that a woman, who was previously not entitled to SMP because her earnings were too low, is now entitled to SMP, then the employer will only be liable to pay SMP for any sum that exceeds the Maternity Allowance already paid by the DWP.

Changes to the Construction Industry Scheme

HMRC is changing the information that employers in the construction industry must provide in order to claim back Construction Industry Scheme (CIS) deductions (as a subcontractor).

To claim deductions on an Employer Payment Summary (EPS), the business must be a limited company operating within the construction industry. From April 2022, HMRC is introducing an additional field on the EPS in which you must enter your Corporation Tax Unique Taxpayer Reference (CT UTR) or COTAX reference number, to claim credit for these deductions.

Any EPS submissions which include a claim for CIS deductions, but which do not include the CT UTR will be rejected. If you cannot satisfy the new CT UTR validation but need to report anything else, you will have to remove the claim for CIS deductions and resubmit your EPS.

If you have lost or cannot find your CT UTR, you can request your Corporation Tax UTR online. HMRC will send it to the business address that's registered with Companies House.

If your company is not a limited company and therefore does not have a CT UTR, you should not claim these deductions on the EPS, but should report the deductions on your Self Assessment Tax Return instead.

You can find more information and guidance on the following link [Construction Industry Scheme: a guide for contractors and subcontractors \(CIS 340\) - GOV.UK \(www.gov.uk\)](#)

PayrockPayroll Update

MBKB – HR and payroll legislation training course

As the end of the tax year gets nearer and nearer, we are pleased to announce that we are running an **HR and Payroll Legislation 2022-23** training course. This is a full day course, delivered online, covering topics including:

- Income tax
- National Insurance
- Health and Social Care levy
- A re-cap of off-payroll working
- Statutory payments
- Employment Rights
- National Minimum Wage
- Student and postgraduate loans
- Expenses and benefits
- Pensions

Book your place using this link <https://www.eventbrite.co.uk/e/payroll-and-hr-legislation-update-2022-online-tickets-210971380077>

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

As payroll processing gets ever more complicated, and 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 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 monthly
- PayrockPayroll e-newsletter – Monthly
- Payroll helpdesk / support - 10 queries
- 1 x short course delivery
- PayrockPayroll - Annual Industry Festival

