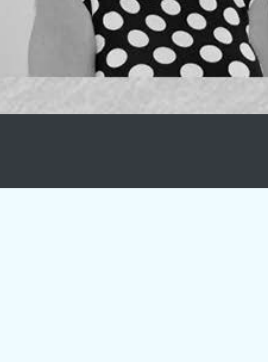


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Welcome to July's PayrockPayroll update. Coming up in this month's edition...

- Increased National Insurance threshold
- More changes to the Fit Note
- NMW introduced for seafarers
- New legislation for payroll following long delay
- Problems ahead if you still use Internet Explorer
- UK GDPR to be reformed



PayrockPayroll update

Hi

July brought with it the change to National Insurance thresholds which were announced earlier this year. But with all the political turmoil, we now need to wait and see whether the new Prime Minister will announce an immediate change of taxation policy once they are named on 5 September. Whatever happens, we know that, once again, payroll will cope with whatever hand it is dealt.

Increased National Insurance threshold

When the Chancellor announced on 23 March that the primary National Insurance threshold would increase on 6 July, it was met with a flurry of media activity, however on the actual day of its introduction, in effect giving most employees a tax cut, it was overshadowed by other events taking place in Westminster. But whilst employees will welcome the increase in their take home pay, for payroll teams it has also brought additional work ensuring that their payroll systems have accurately implemented the in-year changes.

As a reminder, the Primary Threshold from 6 July 2022 until 5 April 2023 is now £242 per week and £1,048 per month, equivalent to £12,570 per year (increased from £9,880 per year).

The annual threshold for directors is £11,908 which is equivalent to 13 weeks of the threshold at £9,880 and 39 weeks at £12,570, mirroring the position for employees.

Most of you will now be making final preparations for the first pay run using this threshold and it is important that as part of those preparations you ensure that your payroll software has been updated. Anyone using HMRC's Basic PAYE Tools (BPT) must ensure they install the update which was released at the beginning of July. For any employee payments due on or after 6 July 2022, you must use BPT version 22.1. (The version number appears in the bottom left-hand corner of the BPT screen).

HMRC has also updated several of the guidance handbooks to reflect the new threshold including the following:

- CA40: Employees allowed to pay their own National Insurance
- CA41: National Insurance contributions tables B, C, I and S
- CA42: Foreign-going mariners and deep-sea fishermen
- CA44: National Insurance for company directors

More changes to the Fit Note

In April this year I told how the government had introduced legislation to implement digital Fit Notes. This means that Fit Notes can now be issued electronically rather than requiring a wet-ink signature.

Further changes have been introduced from 1 July which allow a wider group of registered health professionals to be able to certify and issue Fit Notes. It is hoped that pressure on GPs will be reduced by allowing occupational therapists, physiotherapists, nurses and pharmacists to also issue Fit Notes.

NMW introduced for seafarers

There were few in the country who weren't outraged earlier this year when P&O Ferries ordered its ships back to port and dismissed nearly 800 employees, replacing them with temporary agency crews. The Prime Minister vowed to take action to ensure this couldn't happen again, and as a consequence, the government has now introduced new legislation so that seafarers get paid at least equivalent to the UK National Minimum Wage. The legislation has closed a loophole which allowed seafarers working on vessels that regularly serve UK ports, to be paid below an equivalent to the UK National Minimum Wage for the simple fact that the vessel operates an international service.

The Seafarers' Wages Bill – introduced in the House of Lords on 6 of July - enables port authorities to deny access to services calling regularly at UK ports that do not pay their workers a rate equivalent to the UK National Minimum Wage for time spent in UK waters.

New legislation for payroll following long delay

I have mentioned in previous newsletters how the absence of the Employment Bill, first mentioned in the Queen's Speech in 2019, has raised concerns that the introduction of various employment rights would be shelved. However, after a three-year delay two new pieces of legislation were passed in Parliament on 15 July, thanks to Private Members' Bills sponsored by two MPs. This also gives us hope that another Private Members' Bill to introduce the right to flexible working from day one will also receive government backing.

Neonatal Care (Leave and Pay) Bill 2022-23

There have been calls since at least 2014 to extend parental leave and pay for parents of premature babies in receipt of neonatal care. Measures to introduce neonatal care leave and pay were included in the Employment Bill proposed in the December 2019 Queen's Speech. However, the Employment Bill was not introduced in the 2019-21 session and did not reappear in the 2021 or 2022 Queen's Speeches. But, thanks to a Private Members' Bill sponsored by SNP MP Stuart C McDonald, the government has now backed laws providing additional paid leave to parents whose babies require neonatal care after birth.

The Bill will allow parents to take up to 12 weeks of paid leave, in addition to other leave entitlements such as maternity and paternity leave, so that they can spend more time with their baby at what is a hugely stressful time.

Once in law, neonatal care leave will be available to employees from their first day in a new job and will apply to parents of babies who are admitted into hospital up to the age of 28 days, and who have a continuous stay in hospital of 7 full days or more.

Employment (Allocation of Tips) Bill

The Employment Bill was also expected to include measures making it unlawful for employers to keep tips, instead requiring them to be passed on to workers without any deductions in a fair and transparent manner. In its absence, The Employment (Allocation of Tips) Bill was sponsored by Conservative MP Dean Russell and backed by the government, thus ensuring that all tips will go to staff by making it unlawful for businesses to hold back well-earned service charges from their employees.

Through the Bill, a new statutory Code of Practice will be developed to provide businesses and staff with advice on how tips should be distributed. On top of this, workers will receive a new right to request more information relating to an employer's tipping record, enabling them to bring forward a credible claim to an employment tribunal.

Problems ahead if you still use Internet Explorer

If you use the Bacs payment system, and still use Internet Explorer, then you must take action to ensure that your monthly payments are not disrupted. This is because Microsoft withdrew its support for Internet Explorer 11 (IE11) on 15 June 2022 which means that, depending on your version of Windows, IE11 could stop working at any point, and this may affect your access to the Bacs payment system through Bacstel-IP or the Payment Services Website. The answer is to use Microsoft Edge, but nothing is ever quite that simple, and Pay.UK, which is responsible for Direct Debit and Bacs Direct Credit in the UK, advises Bacstel-IP users to speak to their Bacs approved software supplier for information on what, if anything, they need to do.

Those who use the Payment Services Website should set up IE11 compatibility mode in Edge. Pay.UK has provided useful [guidance](#) for anyone who thinks they may be affected.

UK GDPR to be reformed

This year's Queen's Speech referred to the Data Reform Bill which is promised to strengthen the UK's high data protection standards while reducing burdens on businesses to deliver around £1 billion in cost savings that they can use to grow their business, boosting the economy. But be honest, did any of you take any notice of this announcement? Well you should have, because it includes a wide range of measures, some of which will affect us all. As well as modernising the Information Commissioner's Office, the data regulator, so it can better help businesses comply with the law, the Bill also intends to reform the UK GDPR. Since the European Union's highly complex General Data Protection Regulation (GDPR) was implemented in the UK four years ago, many organisations have been held back from using data as dynamically as they could. The often-confusing legislation has led to an over-reliance on 'box-ticking' to seek consent from individuals to process their personal data to avoid non-compliance. Its largely one-size-fits-all approach, regardless of the relative risk of an individual organisation's data processing activities, puts disproportionate burdens on small businesses including start-ups and scaleups. This Bill will remove the UK GDPR's prescriptive requirements, which currently give organisations little flexibility about how they manage data risks - including the need for certain organisations, such as small businesses, to have a Data Protection Officer (DPO) and to undertake lengthy impact assessments. It means small businesses won't have to recruit an independent DPO to fulfil the requirements of UK GDPR, and they will not have to fill out unnecessary forms where the risk is low. Organisations will naturally still be required to have a privacy management programme to ensure they are accountable for how they process personal data. The same high data protection standards will remain, but organisations will have more flexibility to determine how they meet these standards. Hurrah to that!

PayrockPayroll Update

July's Payroll Update webinar

Just a reminder that this month's payroll update webinar takes place at 10.00 on 29 July. This month we catch up with the latest news and developments in payroll. You can register your place [here](#).

MBKB 2022-23 payroll factcard available from the MBKB website

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

Payroll support helpdesk available to PayrockPayroll members

As payroll support 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 service, all you need do is email your query to payrollsupport@mbkggroup.com but please remember to write your membership@mbkggroup.com 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

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