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

Hi

After two Christmases disrupted by COVID, we're facing a different set of challenges for Christmas 2022. But we're a resilient bunch and I'm sure we will all find ways of getting together with our nearest and dearest over the festive period to have the Christmas we've been craving for so long.

I'd like to wish you a warm, happy and safe Christmas from everyone here at MBKB, and let's hope for a peaceful 2023 which finally brings stability and normality for us all.

More rates and thresholds for 2023-24

In last month's [newsletter](#) I shared with you the rates and thresholds for 2023-24 which had been announced in the Autumn Statement. Since then we've had further announcements, including the Scottish Budget on 15 December, which means we now have almost all the information we need for the new tax year. However, the tax changes set out in this, and last month's, newsletter are still subject to ratification in the Finance Bill.

Scottish rates of income tax

The Scottish Budget took place on 15 December and the income tax rates, bands and thresholds for 2023-24 were announced. The thresholds remain unchanged from 2022-23, except for the Additional Rate threshold which has been lowered to £125,140 in line with that which will apply in the rest of the UK. The Higher Rate and Additional Rate have both increased by 1%, with Deputy First Minister John Swinney saying the increase is an "extra penny to enable spending on patient care in our National Health Service". The following income tax rates and thresholds will apply for tax year 2023-24.

	2022-2023		2023-2024	
Starter Rate	19%	£ 1 - £ 2,162	19%	£ 1 - £ 2,162
Basic Rate	20%	£ 2,163 - £ 13,118	20%	£ 2,163 - £ 13,118
Intermediate Rate	21%	£13,119 - £31,092	21%	£13,119 - £31,092
Higher Rate	41%	£ 31,093 - £ 150,000	42%	£ 31,093 - £ 125,140
Additional Rate	46%	Over £ 150,000	47%	Over £ 125,140

Welsh rates of income tax

On 12 December Rebecca Evans MS, the Welsh Government's Minister for Finance and Local Government, announced that the Welsh rates of income tax would retain parity with those in England and Northern Ireland.

As a recap, the income tax rates for 2023-24 in England, Wales and Northern Ireland will be as follows:

	2022-2023		2023-2024	
Basic Rate	20%	£ 1 - £37,700	20%	£ 1 - £37,700
Higher Rate	40%	£ 37,701-£150,000	40%	£ 37,701-£125,140
Additional Rate	45%	Over £ 150,000	45%	Over £ 125,140

Statutory payment rates

Statutory payment rates will be increased by 10.1% from April 2023.

Rates effective from Sunday	03 April 2022	02 April 2023
Lower Earnings Level	£123	£123
SMP and SAP for the first 6 weeks	90% of AWE	90% of AWE
SMP and SAP for the next 33 weeks, SPP and SBPB 1 or 2 weeks and ShPP balance of entitlement	Lower of 90% AWE or standard weekly rate of £156.66	Lower of 90% AWE or standard weekly rate of £172.48
Recoverable amount for large employers	92%	92%
Recoverable amount for small employers	103%	103%
Annual NIC threshold for Small Employer Relief	£45,000	£45,000

The weekly amount of **Statutory Sick Pay** increases to £109.40 from 6 April 2023. Notice, SSP starts from 6 April, but the parental leave rates start from the first Sunday in April.

Student loan thresholds for 2023-24

The thresholds for Plans 1 and 2 student loans had previously been announced, but the thresholds for Plan 4 and Postgraduate loans have now also been confirmed.

A Plan 5 loan is on the horizon but this will not affect 2023-24.

Loan type	2022-23				2023-24			
	Annual threshold	Monthly threshold	Weekly threshold	Rate	Annual threshold	Monthly threshold	Weekly threshold	Rate
Plan 1	£20,195	£1,682.91	£388.36	9%	£22,015	£1,834.58	£423.36	9%
Plan 2	£27,295	£2,274.58	£524.90	9%	£27,295	£2,274.58	£524.90	9%
Plan 4	£25,375	£2,114.58	£487.98	9%	£27,660	£2,305.00	£531.92	9%
Post-graduate	£21,000	£1,750.00	£403.84	6%	£21,000	£1,750.00	£403.84	6%

Van benefit and fuel benefit for cars and vans

The van benefit charge and fuel benefit charges for cars and vans to be used from 6 April 2023 are as follows:

- Van benefit charge will increase from £3,600 to £3,960
- Car fuel benefit charge multiplier will increase from £25,300 to £27,800
- Van fuel benefit charge will increase from £688 to £757

Flexible Working Bill

It feels like it's been a long time in the making but the end is in sight for the introduction of a Day One right to request flexible working. The snappily titled **Employment Relations (Flexible Working) Bill**, a Private Member's Bill introduced by Labour MP Yasmin Qureshi, aims to make provision in relation to the right of employees and other workers to request variations to particular terms and conditions of employment, including working hours, times and locations.

Well, that's the official terminology, what it means in practice, when passed, is that workers will have the right to request flexible working from the first day of their employment. The term flexible working covers a wide range of possibilities such as job-sharing, flexible working hours, working compressed, annualised, or staggered hours or even a combination of home and office working. If an employer cannot accommodate a request to work flexibly, they must discuss alternative options before they can reject the request. For example, if it is not possible to change an employee's working hours on all days, they could consider making the change for certain days instead.

The Bill also addresses exclusivity clauses which are often included in short term contracts.

Workers on contracts with a guaranteed weekly income on or below the Lower Earnings Limit of £123 a week will be protected from exclusivity clauses being enforced against them, which previously restricted them from working for multiple employers. These reforms will ensure around 1.5 million low paid workers can make the most of the opportunities available to them such as working multiple short-term contracts. This will particularly benefit those who need more flexibility over where and when they work, for example students or people with caring responsibilities.

While not everyone will want a second job, these changes to exclusivity clauses remove unnecessary red tape that prevents those who do – for example gig economy workers, younger people, or carers who cannot commit to a full-time role.

Do you have directors on your payroll?

I only ask because we are coming across more and more apprentices, who, as they learn more during the course of their studies, realise that they have directors on their payroll who haven't been flagged as directors.

This can present problems as there are often different rules affecting directors. Check now to ensure you are aware of the correct status of all employees on your payroll.

You can find more information about National Insurance for company directors on [GOV.UK](#). The [Pensions Regulator](#) also has guidance about Automatic Enrolment for directors.

Payment date to be reported if paying early for Christmas

Lets' get back into the festive spirit with a reminder that if you pay early over the Christmas period, you should report your normal, or contractual, payday as the payment date on your FPS and ensure that the FPS is submitted on or before this date.

For example, if you pay on Friday 23 December 2022 but the usual or contractual pay date would be Friday 30 December 2022, you should report the payment date on the FPS as 30 December and ensure the submission is sent on or before 30 December 2022.

Doing this will help to protect your employees' eligibility for Universal Credit, as reporting the payday as the actual payment date may affect current and future entitlements.

PayrockPayroll Update

The MBKB offices will close at 5pm on Thursday 22 December and re-open at 9am on Tuesday 3 January.

To end this newsletter I would like to thank you for working with us, we truly value our relationship with you all.

The whole of the MBKB team would like to wish you a holiday season which is full of peace, joy, and happiness.

Take care, stay safe and see you next year.

