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

- [National Living Wage to increase to over £11 per hour](#)
- [HMRC apologises for miscalculating student loan repayments](#)
- [Changes on the way for Automatic Enrolment](#)
- [New law gives workers more power over their working hours](#)
- [Charging company electric vehicles](#)



PayrockPayroll update

Hi

Our summer holidays are over, the kids are back at school, the weather forecasters say that we're in for a mini heatwave, and we now hear that food prices have dropped for the first time in two years. Let's enjoy October! But how is it that Christmas cards, mince pies and Quality Street are now piled high on the supermarket shelves? What is going on? Let's enjoy what's happening right now, which leads me nicely into the first item of this month's newsletter, as the Chancellor announces that the lowest paid will get a pay increase of up to £1,000 from next April.

National Living Wage to increase to over £11 per hour

Although we won't get to know all the details until November, the Chancellor announced in his speech at the Tory party conference, that the government has accepted the Low Pay Commission's recommendations that the National Living Wage should increase to over £11 an hour from April 2024, meaning that the annual earnings of a full-time worker on the National Living Wage will increase by over £1,000 next year.

There are currently more than 2 million people aged 23 and over who are eligible for the National Living Wage and are likely to benefit from the increase.

HMRC apologises for miscalculating student loan repayments

HMRC has revealed that around 16,000 taxpayers may have been overpaying their student loan due to a miscalculation in the repayments due.

The problem arises in a very specific set of circumstances and only affects employees who have received certain benefits in kind (BIKs) which have been processed through the payroll. Specifically, affected taxpayers are those who meet all of the following criteria:

- Repaying a student loan, and
- Receiving payrolled BIKs that are not subject to Class 1 NICs though their employer, and
- Complete a Self Assessment return

The error dates back to 6 April 2016 when the payrolling of BIKs was introduced on a voluntary basis. The problem occurs when total PAYE income has been used to calculate student loan amounts, including payrolled BIKs when they should have been excluded from this calculation. HMRC estimates that the average over-repayment of the student loan is £104 in total for all affected years.

These taxpayers now have a choice between receiving a refund or leaving the overpaid amount in their student loan account, reducing the outstanding balance and any interest that may be due. HMRC has written to all affected student loan borrowers to apologise for the error and explain their options and what steps they need to take.

HMRC is working to fix the error and allow the relevant BIKs to be entered separately from total PAYE income on the Self Assessment return.

If you think that you may be affected you can find more information on [GOV.UK](#)

Changes on the way for Automatic Enrolment

A Private Members' Bill to help millions save more into their pension and start saving sooner has cleared Parliament and been granted Royal Assent. The Bill introduces powers to reduce the age for Automatic Enrolment from 22 to 18, and starts pension saving from the first pound earned.

These changes, along with changes to Defined Contribution pension schemes announced by the Chancellor in July, could see the average earner's pension increase by nearly 50% if they save throughout their entire career, while a minimum wage earner could see their pension pot increase by over 85%.

However, these changes won't happen just yet as the Department for Work and Pensions will be launching a consultation on implementing the new measures.

New law gives workers more power over their working hours

Workers will be given more say over their working patterns thanks to the Workers (Predictable Terms and Conditions) Bill which recently received Royal Assent.

The new law will give millions of workers the legal right to request a predictable working pattern encouraging workers to begin conversations with their employers.

Zero hours contracts - and other forms of atypical work - are an important part of the UK's flexible labour market; however, the government has long said that it wanted to tackle unfair working practices. This Bill gives individuals on atypical contracts - including those on zero hours contracts - the right to request a more predictable working pattern, intending to redress the imbalance of power between some employers and workers in atypical work, encouraging workers to begin conversations with their employers about their working patterns.

If a worker's existing working pattern lacks certainty in terms of the hours they work, the times they work or if it is a fixed term contract for less than 12 months, they will be able to make a formal application to change their working pattern to make it more predictable. Once a worker has made their request, their employer will be required to notify them of their decision within one month.

Subject to parliamentary approval, all workers and employees will have this new right once it comes into force, however, they must first have worked for their employer for a set period before they make their application. This period will be set out in regulations and is expected to be 26 weeks. Given that the proposals aim to support those with unpredictable contracts, workers will not have had to have worked continuously during this period.

It is expected that this legislation will come into force in September 2024. The government has asked Acas to prepare a new statutory Code of Practice to help workers and businesses understand the law and to provide guidance on how requests should be made and considered.

Charging company electric vehicles

The PayrockPayroll support helpdesk has received several queries over the past few months about the reimbursement of charging costs for electric company vehicles and how this should be treated for tax and NIC purposes, so I thought you might be interested to hear that HMRC has updated its guidance after it was challenged on its position by the Institute of Chartered Accountants in England and Wales (ICAEW).

HMRC's [previous guidance](#) said that, where an employer reimburses their employee for the cost of charging a company-owned, wholly electric car that is available for private use, the reimbursement was taxable as earnings.

However, ICAEW's Tax Faculty contested this, saying that it considered HMRC's guidance and tools for the tax treatment of the reimbursement of electricity costs did not reflect the law. HMRC has now updated its [guidance](#) and agreed that no taxable arises where an employer reimburses their employee for the cost of charging a company-owned, wholly electric car that is available for private use.

HMRC has advised that employers will need to ensure that the reimbursement made towards the cost of the electricity is solely for the company car and has also [issued guidance](#) confirming that the same applies for National Insurance.

As yet HMRC's tool [Check if you need to pay tax for charging an employee's electric car](#) has not been amended to reflect this change.

PayrockPayroll Update

Keep up to date with all things MBKB

There is so much going on at MBKB right now. Keep up to date on these social media platforms:

- [LinkedIn](#)
- [Facebook](#)
- [Instagram](#)
- [X \(formerly twitter\)](#)
- [Tik Tok](#)

Payroll support helpdesk available to PayrockPayroll members

As payroll processing 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 to 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 member of your Tier 2 PayrockPayroll membership includes:

- Payroll Update sessions – Online
- PayrockPayroll e-newsletter – Monthly
- Payroll helpdesk / support - 10 queries
- 1 x short course delivery

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