

Payroll Update April 2022

WHATS NEW IN PAYROLL FROM APRIL 2022

	Rate from April 2022	Current rate (April 2021 to March 2022)	Increase
National Living Wage	£9.50	£8.91	6.6%
21-22 Year Old Rate	£9.18	£8.36	9.8%
18-20 Year Old Rate	£6.83	£6.56	4.1%
16-17 Year Old Rate	£4.81	£4.62	4.1%
Apprentice Rate	£4.81	£4.30	11.9%

National Minimum Wage and National Living Wage from 1st April 2022

From April 2022 provided qualifying conditions are met the new Statutory rates are:

- 6 April 2022 Statutory Sick Pay to increase to £99.35
- 3 April 2022 other Statutory Payments including Statutory Maternity and Paternity Pay to increase to £156.66

Electric Vehicle Benefit in Kind

Electric cars with zero emissions will have rates increased from 1% to 2% from 6 April 2022

Coronavirus Sick Pay Rebate Scheme

The Statutory Sick Pay Rebate Scheme has now closed for coronavirus related absences that are paid after 17 March 2022. Last claims should have been made by 24 March 2022.

Zero rate Employer's NIC for Freeports - National Insurance Letter F

Freeports are special areas within the UK's borders where different economic regulations apply. Freeports in England are centred around one or more air, rail, or seaports, but can extend up to 45km beyond the port(s). They aim to create economic activity in these areas. There are 9 designated freeports. A list of the proposed freeports can be found on <https://www.gov.uk/government/publications/maps-of-uk-freeports>

From 6 April 2022 Eligible businesses in Freeports will enjoy a range of tax incentives one of which is relief from employers' National Insurance Contributions (NIC). Employers operating in a Freeport tax site will pay Zero per cent employers (secondary) Class 1 NIC on the earnings, within certain limits, of new employees who spend at least 60% of their time at that site. The NIC break will run for 3 years.

Zero rate Employer's NIC for employers who hire Veterans - National Insurance Letter V from 22/23

An employer National Insurance holiday for businesses who employ armed forces veterans. There is a zero rate of secondary class 1 employer's NIC on employment of veterans in their first year of civilian employment after leaving the regular armed forces, on yearly gross earnings below £50,720. The exemption is for the first year of their employment. This relief can be backdated to March 21 by form of written correspondence to HMRC.

NEW Health & Social Care Levy

The government announced in September 2021 the introduction of a Health & Social Care levy which will take effect from April 2022. The details of which are:

- For the year 22/23 this will be in the form of an additional 1.25% on National Insurance rates.
- To ensure employees understand the increased NIC. HMRC advise a message should be included on the payslip saying "1.25% uplift in NICs, funds NHS, health and social care"
- From April 2023 this will become a separate charge. NIC will revert to existing 21/22 rates.
- Important note from April 2023 this levy also becomes chargeable on the earnings of those over State Pension Age.

Increase in the National Insurance Threshold

The government announced in the Spring Budget an increase in the annual Primary Threshold.

The threshold will align with the starting thresholds for Income Tax from July 2022 National Insurance for employees will be payable on income above £12,570.00 an increase of £3,000 from 21/22.

Employment Allowance

In the Spring statement it was announced that the Employment Allowance will increase by £1,000.00. This means that eligible employers reduce their employer's Class 1 NIC by up to £5,000 for each year. Only companies whose Class 1 NI liability was under £100,000 (across the group) for the previous tax year can claim this.

Since April 2020 Employment Allowance counts towards the total minimis state you are allowed to receive over a 3-year period.

Important Reminders

Contracts

All employees who start work should be given a written statement of employment on or before starting work.

Right to work checks

Employers should carry out a right to work check on all employees. Further information can be found on the Government website <https://www.gov.uk/government/publications/right-to-work-checklist>

Holiday Pay

- There is an additional public holiday to mark Queen's Platinum Jubilee 3 June 2022. It is the employer's choice as to whether they pay this extra holiday but if the contract states "plus bank holidays" then the additional day is contractual and should be honoured.
- Holidays for employees who work variable hours must be calculated over the last 52 weeks prior to first day of the holiday not 12 weeks as previously. If the employee did not work at any time during

the 52 weeks, the employer must go back further until there are 52 weeks paid work. For a new employee who has not worked 52 weeks use the weeks worked for the calculation.

- Contractual overtime must be included in the calculation.