



THE LATEST DEVELOPMENTS AND
LEGISLATIVE CHANGES ACROSS UK PAYROLL

SPRING / SUMMER 2022

PAYROLL ON POINT

IDEAS | PEOPLE | TRUST

BDO

AGENDA

- ▶ NATIONAL MINIMUM WAGE
- ▶ NATIONAL MINIMUM WAGE INCREASE
- ▶ STATUTORY SICK PAY (SSP)
- ▶ STATUTORY MATERNITY, PATERNITY, SHARED PAYMENTS (SMP, SAP, SPP AND SHPP)
- ▶ PENSION CONTRIBUTIONS
- ▶ PENSION RE-ENROLMENT
- ▶ INTRODUCTION OF THE HEALTH AND SOCIAL CARE LEVY
- ▶ JULY 2022 CHANGES
- ▶ EMPLOYMENT ALLOWANCE
- ▶ ERS NI RELIEF FOR WAR VETERAN HIRE
- ▶ CIS SUBMISSIONS
- ▶ APPRENTICESHIP LEVY REMINDER

- ▶ KEY REMINDERS FOR YEAR-END EMPLOYER COMPLIANCE REPORTING TAX YEAR 2021/22
 - FORMS P11D AND P11D(B)
 - PAYE SETTLEMENT AGREEMENT ('PSA')
 - SHORT TERM BUSINESS VISITORS AGREEMENT ('STBVA')
 - EMPLOYMENT RELATED SECURITIES ('ERS')
- ▶ BDO NI PAYROLL TEAM

Welcome to Payroll on Point.

This newsletter is designed to help you keep up to date with legislative changes, new developments, and key dates across UK payroll.

We hope you will find Payroll on Point informative and if you have any questions on the topics raised please don't hesitate to get in touch with a [member of the team](#).



NATIONAL MINIMUM WAGE

The Government is again increasing the National Minimum and National Living Wage rates on 1st April 2022. The rates are as follows:

	April 2021 (current)	April 2022
Aged 23 and Over	£8.91	£9.50
Aged 21 to 22	£8.36	£9.18
Aged 18 to 20	£6.56	£6.83
Aged 16 - 17	£4.62	£4.81
Apprentice	£4.30	£4.81

A new rate applies when the next pay reference period begins on or after the date a rate increase begins, or an employee reaches a new age bracket.

The apprentice rate applies to apprentices under the age of 19 or those on the first year of their apprenticeship, only. Those who fall outside these criteria must receive the rate applicable to their age group.

As an employer, it's your responsibility to ensure your employees are paid in accordance with the guidelines provided as BDO will not make automatic changes to staff members' salaries to accommodate these changes. Therefore, you must advise us of any changes to rates of pay, or annual salary, effective from April 2022.

NATIONAL MINIMUM WAGE INCREASE, APRIL 2022

Employers should keep in mind that, in tandem with increased NIC rates related to the health and social care levy, wage costs may also be impacted from April 2022 by significant increases in national living wage (NLW) and national minimum wage (NMW) rates as can be [seen here](#).

This is, perhaps, even more likely to be an issue for those who employ apprentices and 21-22-year-old workers, where the percentage increases are steepest, however for any employer, the message is to check that you remain compliant in respect of all employees and workers and in doing so, you do not rely solely on paying staff at rates in excess of the headline minimums!

In our experience, there are the many ways in which the complex NLW/NMW provisions work to catch the unwary employer and which, notwithstanding a seemingly compliant approach, can lead to employers inadvertently falling foul of the rules. That, in turn, can give rise to significant financial costs in making good the shortfall and paying an associated penalty (up to 200%) but also the reputational cost of being 'named and shamed'.

Issues that repeatedly arise include underestimating what constitutes working time for any pay period, payments which don't qualify towards NLW/NMW being incorrectly incorporated within calculations, and deductions which serve to reduce pay being overlooked.

Employers whose compliance processes have to date not extended beyond checking the headline rates are recommended to undertake a more detailed review to protect their organisation. Please contact our specialist colleagues to discuss your needs.

Read our useful guide on some of the [key NMW issues to look out for in 2022](#).



STATUTORY SICK PAY (SSP)

Revised rates of SSP are payable from the first day of the new tax year (6th April 2022).

The changes detailed below apply to the average weekly earnings (AWE) at or above the Lower Earnings Limit which is £123 per week in 2022/23:

Unrounded daily rates	Number of qualifying days in week	1 day to pay	2 days to pay	3 days to pay	4 days to pay	5 days to pay	6 days to pay	7 days to pay
£14.1929	7	£14.20	£28.39	£42.58	£56.78	£70.97	£85.16	£99.35
£16.5583	6	£16.56	£33.12	£49.68	£66.24	£82.80	£99.35	
£19.87	5	£19.87	£39.74	£59.61	£79.48	£99.35		
£24.8375	4	£24.84	£49.68	£74.52	£99.35			
£33.1167	3	£33.12	£66.24	£99.35				
£49.675	2	£49.68	£99.35					
£99.35	1	£99.35						

STATUTORY MATERNITY, PATERNITY, SHARED PAYMENTS (SMP, SAP, SPP AND SHPP)

Whilst SSP is always payable from the first day of the new tax year, other statutory payments apply from the week that commences the first Sunday in April (3rd April 2022):

Rates effective from week starting on or after Sunday		3 rd April 2022
Earnings Threshold (LEL)		£123
SMP / SAP weekly rate for first 6 weeks		90% of average weekly earnings (AEW)
▶ SMP weekly rate for up to next 33 weeks		
▶ SAP weekly rate for up to next 33 weeks		£156.66 or 90% of employees AEW whichever is lower
▶ SPP weekly rate		
▶ ShPP weekly rate.		
SMP, SAP, SPP and ShPP optional daily rate		£22.38
Percentage of payment recoverable		92%
Percentage of payment recoverable if NI liability below £45,000 in 21/22		103%



PENSION CONTRIBUTIONS

The minimum contribution levels will not be changing from April 2022. Therefore, the following rates will still apply:

Based on Qualifying Earnings

Minimum Contribution	Employee	Employer	Total
April 2022	5%	3%	8%

Qualifying Earnings thresholds will remain in line with the National Insurance thresholds from April 2022. (£6,240 - £50,270 per annum).

Based on Basic Pay

Minimum Contribution	Employee	Employer	Total
April 2022	5%	4%	9%

Based on Basic Pay (Providing Basic Pay is at least 85% of total earnings)

Minimum Contribution	Employee	Employer	Total
April 2022	5%	3%	8%

Based on Total Pay

Minimum Contribution	Employee	Employer	Total
April 2022	4%	3%	7%

PENSION RE-ENROLMENT

Since the staggered introduction of Automatic Enrolment, the Pensions Regulator require all employers to complete a re-declaration to confirm that the re-enrolment process has been complied with.

Pension Re-enrolment occurs every three years starting from the original staging date. Employers are sent a reminder of this declaration in advance of their re-enrolment date from the Pensions Regulator. Failure to complete could result in being fined. More information on re-enrolment can be found at the following web page: <https://www.thepensionsregulator.gov.uk/en/employers/re-enrolment>

Whilst BDO are happy to assist with any questions or queries relating to re-enrolment, we are unable to offer assistance with the completion of the declaration, however we do work with a number of pension specialist partners and are happy to introduce our clients to an external Pension Advisor who may be able to assist in this area. Ultimately it is the responsibility of the employer to ensure that the legislation is being complied with.

INTRODUCTION OF THE HEALTH AND SOCIAL CARE LEVY

On 7th September 2021 the Prime Minister announced the plan to introduce the Health and Social Levy from April 2022.

In the 2022/23 tax year, the levy will be incorporated into National Insurance rates for both employees and employers at an additional 1.25%. From 2023/24, the levy will show as a separate deduction from pay.

	Employees Class 1 NIC	Employers Class 1, 1A and 1B NICs	Health and Social Care (H&SC) Levy
2021/22	12% and 2%	13.8%	0%
2022/23	13.25% and 3.25%	15.05%	Incorporated into NIC
2023/24	12% and 2%	13.8%	1.25% EEs and ERs

Employees above state pension age will benefit from not paying the Levy in 2022/23 as this is part of NIC, however when this is separated out in 2023/24, employees over state pension age earning above the Primary Threshold will also be subject to the Levy at 1.25%.

Employers must incorporate the new charges when considering total salary costs.

If you have any questions in relation to the new charges applicable from April 2022, please contact your payroll specialist.

JULY 2022 CHANGES

From 6 July 2022 the national insurance contributions (NIC) class 1 primary threshold (PT) for employees will be aligned with the income tax personal allowance. The PT will be £242 per week from 6 July (currently £184 per week in 2020/21, rising to £190 per week from 6 April), the monthly equivalent will be £1,048, and the annual equivalent £12,570.

In 2022/23, up to 5 July 2022, the NIC class 1 PT for employees will be as previously announced. Thus, the primary threshold will be £190 per week, the monthly equivalent will be £823, and the annual equivalent £9,880.

The lower earnings limit (LEL) will remain at the amount previously announced for 2022/23 of £123 per week, £533 per month and £6,396 per year. Employees will continue to pay NIC at 0% on weekly earnings between the LEL and the PT and build up NIC credits for state pension and contributory benefits.

As NIC is not cumulative, this means that only nine months' earnings will benefit from the higher thresholds.

EMPLOYMENT ALLOWANCE

From 6 April 2020 HMRC introduced a cap on employment allowance eligibility which will remain unchanged from April 2022. Employers can only claim the allowance if the Employer Class 1 National Insurance bill was below £100,000 in the previous tax year (21/22).

For connected employers, the total Employers Class 1 NI liability for all entities added together must be below £100k in the previous year to be eligible to claim Employment Allowance.

For the purpose of Employment Allowance, Companies are connected if the following applies:

- ▶ a company has control of another company
- ▶ they are under the control of the same person or people, for example companies linked in a group.

If connected employers have a liability under £100,000 for the previous year, you should decide on which ONE payroll the claim will be made.

This does not affect any payroll that was previously ineligible to claim Employment Allowance.

The Employment Allowance claim does not roll forward each year and will need to be reclaimed at the start of each tax year (if eligible). BDO payroll specialists will send a prompt to their clients for confirmation of the Employment Allowance Status.

It is the responsibility of the employer to inform BDO correctly how to operate the Employment Allowance through payroll from April 2022 based on the guidelines provided.

ERS NI RELIEF FOR WAR VETERAN HIRE

From April 2021, to provide support for War Veterans transitioning into Civilian workplaces, HMRC introduced an Employer's NI relief for Employers who hire veterans. This relief is available for 12 consecutive months from the veteran's first day of civilian employment.

This zero-rate NI for employers can be applied up to the upper secondary threshold which is currently £4,189 per month (£50,270 per year). Although the relief was introduced in April 21, employers were to continue to pay the associated Secondary Class 1 NI contributions for veterans as normal in the 21/22 tax year and will be able to claim this back retrospectively from 6th April 2022. This will need to be done via an amended Final FPS submission to HMRC after 6th April 2022. If you are aware that this will need to be done, please contact your payroll specialist with full details.

From April 2022 onwards, employers will be able to apply the relief in real time through PAYE using a new National Insurance Category 'V'.

Employers will need to ensure they keep records to show:

- ▶ That the employee is a qualifying Veteran
- ▶ The start date of the Veterans first civilian employment.

Types of documentation that employers can ask for include the following:

- ▶ Discharge papers from HM Armed Forces
- ▶ Previous employment contracts (if applicable) to determine start date
- ▶ Armed forces ID card
- ▶ Letter of employment or contact with HM Armed Forces
- ▶ P45 from leaving HM Armed Forces.

Documentation records for proof of eligibility will need to be kept for at least 4 years.



CIS SUBMISSIONS

From April 2022, Construction Industry Scheme (CIS) claims that are above NIL value will require an associated corporation tax (CT) unique taxpayer reference (UTR) to be added to a new data field. Failure to include the CT UTR could cause the Employer Payment Submission (EPS) to be rejected. A rejected EPS could potentially cause employer late submission penalties and interest accruing. Please therefore ensure that you provide your payroll contact with the relevant information prior to the April 2022 payroll if CIS is included in your submissions.

APPRENTICESHIP LEVY REMINDER

Back in April 2017, HMRC introduced the Apprenticeship Levy to create long term funding for apprenticeships. The Levy is paid at a rate of 0.5% of Class 1 secondary National Insurance contributions for all employers who have an annual bill of over £3million. Anything below the £3million may be covered by the Levy Allowance of £15,000.

We would like to remind you that if you are a connected employer or operate multiple PAYE schemes, all connected entities share one Levy Allowance of £15,000 which can be split amongst the connected companies, or allocated against one - this decision is to be made by the company. The allowance must be set in April of each year and cannot be adjusted between entities until the following tax year start. Employers with multiple PAYE schemes who do not use their full Apprenticeship Levy allowance during the year, can change how this has been divided at the end of the tax year. This can be done to offset any unused allowance against another of your schemes.



ITS NOT TOO LATE! KEY REMINDERS FOR YEAR-END EMPLOYER COMPLIANCE REPORTING TAX YEAR 2021/22

BDO offers employers bespoke services to provide comfort of mind that your employer compliance reporting requirements are expertly taken care of by our specialist tax teams.

FORMS P11D AND P11D(B)

Employers must report any non-payrolled taxable expenses and benefits-in-kind (“BIK”) provided to employees during 2021/22. Employers will need to complete a form P11D for each employee provided with a BIK and if you have a Class 1A National Insurance Contribution (NIC) liability or if you have payrolled BIK then you will also need to submit form P11D(b).

Key Deadlines

- ▶ Submission of P11D/P11D(b) to HMRC - 6 July 2022
- ▶ Payment of employer Class 1A NIC - 19 July 2022 (extended to 22nd if payment is by electronic means).

PAYE SETTLEMENT AGREEMENT (‘PSA’)

A PSA is used to cover payment by the employer of all the tax and National Insurance due on minor, irregular or impracticable expenses or benefits for employees which are neither payrolled nor included on the P11D. If this is the first year for which an employer should wish to make a PSA with HMRC for 2021/22, they will need to have agreed the PSA with HMRC by 5 July 2022.

Key Deadlines

- ▶ Application to HMRC for PSA (P626) - 5 July 2022
- ▶ Payment of income tax and Class 1B NIC - 19 October 2022 (extended to 22nd if payment is by electronic means).

We would be very happy to assist with your P11D process and with applying for a PSA and helping to calculate the tax due.

SHORT TERM BUSINESS VISITORS AGREEMENT (‘STBVA’)

Businesses in the UK are required to have arrangements in place to manage their business visitors to the UK. Clients will need to have a STBVA in place for business visitors if they intend to take advantage of treaty reliefs. There is an annual reporting requirement as well as an Annual PAYE Scheme for individuals falling outside the eligibility rules for these arrangements.

Key Deadlines

- ▶ Filing of STBVA annual report - 31 May 2022
- ▶ RTI submission and payment of tax for Annual PAYE Scheme for those falling outside of eligibility rules - 31 May 2022 using the Month 12 Full Payment Submission (FPS).

EMPLOYMENT RELATED SECURITIES (‘ERS’)

Where employers operate a share plan or UK employees or officers otherwise acquire or acquire an interest in shares or other employment-related securities or there has been any type of relevant chargeable event, almost certainly a return will need to be submitted to HMRC to report all transactions in ERS, also known as Share Plan Reporting. Private and listed companies should report annually. Where plans are operated by parent companies, the parent or a UK employing company should report.

Key Deadline

- ▶ Reporting ERS to HMRC - 6 July 2022.



BDO NI PAYROLL TEAM



MAYBETH SHAW
Partner & Head of Tax
E: maybeth.shaw@bdoni.com



GERALDINE BROWNE
Director, Personal Tax
E: Geraldine.browne@bdoni.com



KIERA SCOTT
Senior Payroll Manager
E: kiera.scott@bdoni.com



RACHAEL TRAINOR
Assistant Payroll Manager
E: rachael.trainor@bdoni.com



CIARA McLARNON
Senior Payroll Specialist
E: ciara.mclarnon@bdoni.com



DENISE ADAMS
Senior Payroll Specialist
E: denise.adams@bdoni.com



LORI KELL
Payroll Administrator
E: lori.kell@bdoni.com



CHRISTINE DEVLIN
Trainee Payroll Administrator
E: Christine.x.devlin@bdoni.com

FOLLOW US



www.bdoni.com



[@bdoni](https://twitter.com/bdoni)



[@bdonorthernireland](https://www.facebook.com/bdonorthernireland)



[BDO Northern Ireland](https://www.linkedin.com/company/bdo-northern-ireland)



[@bdonorthernireland](https://www.instagram.com/bdonorthernireland)

FOR MORE INFORMATION:

MAYBETH SHAW
PARTNER

maybeth.shaw@bdoni.com

GERALDINE BROWNE
DIRECTOR

geraldine.browne@bdoni.com

KIERA SCOTT
SENIOR MANAGER

kiera.scott@bdoni.com

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Northern Ireland to discuss these matters in the context of your particular circumstances. BDO Northern Ireland, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO Northern Ireland or any of its partners, employees or agents.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms. A list of partners' names is open to inspection at our registered office, Lindsay House, 10 Callender Street, Belfast, BT1 5BN.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

© 2022 BDO Northern Ireland. All rights reserved.

www.bdoni.com