

19 September 2008

Increase in personal allowances

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The basic personal allowance for 2008/09 will increase in September by £600 from £5,435 to £6,035. This is part of the government's measures to compensate tax payers for the withdrawal of the 10% starting rate of tax. A number of employers have asked for clarification of what changes they need to make to their payroll.

In simple terms, the main requirement is to increase all L-suffix tax codes by 60 points from September onwards, so that, for example 543L becomes 603L. All other tax codes stay as they are, unless you receive a P6 notice of coding from the tax office.

The other requirement is to ensure you are using the amended tax tables issued by HM Revenue and Customs (HMRC) that take account of the £1,200 reduction in the basic rate tax band. If your payroll is computerised, then your software provider should already have provided you with an update. The revised tables are also available on the updated Employer's CD that HMRC has recently sent out.

Salary sacrifice and maternity leave

HMRC has recently published revised guidance on salary sacrifice arrangements and its interaction with Statutory Maternity Pay and non-cash benefits during maternity leave. This follows changes in the law in 2008 on what benefits employers must provide to employees on Statutory Maternity Leave. The guidance is contained in a 26-page document which is unfortunately too long to summarise in this Employer's Briefing. The document can be viewed on the HMRC website at:

<http://www.hmrc.gov.uk/employers/sml-salary-sacrifice.pdf>

If you need further assistance, contact Alan Curry.

National Minimum Wage – annual increase

Revised rates of NMW become payable from 1 October 2008. The details are:

- Workers aged 22 and over - £5.73 per hour
- Workers aged 18-21 - £4.77 per hour
- Workers aged 16-17 - £3.53 per hour
- Accommodation offset - £4.46 per day (£31.22 per week)

SSP forms to change in October

Form SSP1 is the form employers are required to give to employees when their Statutory Sick Pay (SSP) stops or is not payable. There is a new version of the form for use from 27 October 2008, when the Employment Support Allowance replaces Incapacity Benefit and Income Support for new claimants. The new form asks for less information. You can still use up your stock of the old forms, but some of the information asked for will become unnecessary. Form SSP 1L (Leaver's statement of SSP) will also be discontinued from 27 October 2008. Periods of SSP with a previous employer will no longer count towards an employee's maximum period of SSP, so you won't need to issue this form to a leaver or accept it from a new starter after this date.



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Advisory fuel rates from 1 July 2008

HMRC has updated its advisory fuel rates for company cars to take account of rising petrol prices. Officially the new rates took effect on 1 July, but HMRC was prepared to allow their use from 1 June onwards. Details of the revised rates per mile are below:

Engine size	Petrol	Diesel	LPG
1400cc or less	12p	13p	7p
1401 to 2000cc	15p	13p	9p
Over 2000cc	21p	17p	13p

The rates should be used whenever you reimburse an employee for a business journey or an employee reimburses you for private mileage. For petrol hybrid cars use the same rates as for petrol cars. The next revision of the rates is likely to be on 1 January 2009.

Worldwide subsistence rates

HMRC accepts that the subsistence rates set periodically by the Foreign and Commonwealth Office (FCO) can be used by employers as benchmark rates for your own employees. This can be done without a formal dispensation. However, you must be careful to apply the rates on the same basis as the FCO. For example, there must be no overlapping of 10-hour rates with 24-hour rates, or reimbursement of actual expenses in addition to scale rates intended to cover the same items. Full details of the latest rates, covering an A to Z of countries from Afghanistan to Zimbabwe, can be downloaded from the HMRC website. Go to:

<http://www.hmrc.gov.uk/employers/wwsr-july08-revisions.pdf>

Approaching deadlines

Date	Action
19 September 2008	Deadline for payment of PAYE deductions, National Insurance Contributions, student loan deductions and subcontractor deductions for Month 5 (unless paying electronically). Deadline for submitting paper versions of CIS300 subcontractor returns for Month 5.
22 September 2008	Deadline for electronic payments of Month 5 deductions. Deadline for electronic submission of form CIS300 for Month 5.
17 October 2008	Deadline for paying tax and Class 1B NICs due in respect of your 2007/08 PAYE Settlement Agreement.
17 October 2008	Deadline for payment of PAYE deductions, National Insurance Contributions, student loan deductions and subcontractor deductions for Month 6 (unless paying electronically). Deadline for submitting paper versions of CIS300 subcontractor returns for Month 6.
22 October 2008	Deadline for electronic payments of Month 6 deductions. Deadline for electronic submission of form CIS300 for Month 6.

For further information:
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