

# Guide to Legislation changes from April 2015



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## National Insurance Changes

### Employers NIC for employees under 21

Employers will not be required to pay Class 1 Secondary National Insurance Contributions on earnings up to a new **Upper Secondary Threshold** (UST), for employees who are under the age of 21. Class 1 secondary NICs will however continue to be payable on all earnings above the UST. For tax year 2015-16:

- there will be 4 new National Insurance category letters
- the value of the UST and the Upper Earnings Limit (UEL) will be the same
- UEL is £815 per week
- UST is not be reportable to HMRC on RTI returns

## Income Tax

### Transfer of Tax Allowance

Married couples and civil partners could transfer up to £1,060 of the spouse's (or civil partner's) personal allowance to their spouse/civil partner if they are not liable to income tax above the basic rate. HMRC intend to issue 2 new tax code suffix letters to cater for the transfer, M or N.

HMRC plans to target potential employees who might benefit from transferring their tax allowance for them to register their interest. Then, from April 2015, HMRC plans to approach those registered employees and invite them to apply.

### Limit tax to 50% of taxable earnings

Income Tax will be limited to 50% of gross taxable earnings in the pay period for all tax codes.

## Student Loan

Student Loan Threshold has increased to £17,335.

## Statutory Payment Changes

### New Statutory Adoption Pay rules

Currently the Statutory Adoption Pay (SAP) is paid for 39 weeks at a rate of 90% of Average Weekly Earnings or at the standard weekly rate, whichever is lower.

For Placement Dates on or after the 5 April 2015 this will change so that the first 6 weeks will be paid at 90% of Average Weekly Earnings, similar to SMP.

### Shared Parental Pay (ShPP) and Leave

ShPP is a new statutory entitlement to replace Additional Statutory Paternity Pay (ASPP). ShPP will be available to parents where the child is due, or in the case of adoption matched or placed, on or after 5 April 2015.

- Shared Parental Leave (SPL) consists of up to 50 weeks of untaken maternity or adoption leave and up to 37 weeks of untaken Statutory Maternity or Adoption Pay
- SPL will allow both parents to share the leave which can be taken at the same time or separately
- SMP (Statutory Maternity Pay) is unchanged

### Ordinary Statutory Paternity Pay (OSPP)

Entitlement to OSPP is unchanged i.e. a father can still have 2 weeks. OSPP is renamed to SPP.

### Additional Statutory Paternity Pay (ASPP)

Additional Paternity Pay and Leave will be abolished, however it will still be in use in 2015/16 for babies due before 5 April 2015.

## Real Time Information (RTI)

### Full Payment Summary (FPS)

Scheme Contracted Out Number (SCON) is now mandatory when sending an FPS for any employees on NI Rate D, E, I, K or L. You can no longer populate **SCON No** field with a dummy SCON No.

Employer's Contracting Out Number (ECON) is now mandatory when sending an FPS for any employees on NI Rate D, E, I, K or L.

## Employer Payment Summary (EPS)

Tax Month number has been added to the EPS that allows you to indicate which tax month the EPS credit should be allocated against. HMRC only accepts an EPS with the Tax Month number set to be sent in a specific date range. For example, if you are including Tax Month 1 in the EPS, you can only submit the EPS between 06/03/2015 and 19/05/2015 inclusive. Other changes to the EPS include:

- **OSPP** and **ASPP** labels have been changed to **SPP** and **ShPP**
- **Period of Inactivity** reporting has been increased to up to 12 months

## Earlier Year Update (EYU)

**Recently Bereaved** and **Annual Pension Amount** fields have been added to the EYU. There are 2 new options, making it easier for you to populate the figures on the EYU:

- **Enter EYU values only** allows you to enter difference between the employee's actual year to-date values and those submitted to HMRC in the **EYU value** fields
- **Populate EYU values with last period** will automatically populate the employee's last pay period values in the **EYU value** fields

## Legislative Rates and Bands for 2015 / 2016

Income Tax												
Tax Bands						Other Details						
Rate	Band (£)					Emergency Tax Code		1060L				
20%	1 to 31,785					L Tax Code Uplift		60				
40%	31,786 to 150,000					Student Loan threshold		17,335				
45%	Over 150,000					Student Loan rate		9%				
National Insurance												
NI Bands (£)												
Pay Period	LEL		ST		PT		UAP		UST		UEL	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Weekly	111	112	153	156	153	155	770	770	N/A	815	805	815
2 Weekly	222	224	306	312	306	310	1540	1,540	N/A	1,631	1611	1,631
4 Weekly	444	448	612	624	612	620	3080	3,080	N/A	3,261	3221	3,261
Monthly	481	486	663	676	663	672	3337	3,337	N/A	3,532	3489	3,532
Annual	5772	5,824	7956	8,112	7956	8,060	40040	40,040	N/A	42,385	41865	42,385
LEL = Lower Earnings Limit			PT = Primary Threshold				UST = Upper Secondary Threshold					
ST = Secondary Threshold			UAP = Upper Accrual Point				UEL = Upper Earnings Limit					
NI Rates (Employee) (%)							NI Rates (Employer) (%)					
Band	A,M	D,I	B,E	C	J,Z	L,K	A,B,C, J	M, Z	D,E,L	I,K		
< LEL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil		
LEL to threshold	Nil	1.4*	Nil	Nil	Nil	1.4*	Nil	Nil	3.4*	3.4*		
Threshold to UAP	12	10.6	5.85	Nil	2	2	13.8	Nil	10.4	3.4*		
UAP to UEL	12	12	5.85	Nil	2	2	13.8		13.8			
UAP to UST								Nil		Nil		
> UEL	2	2	2	Nil	2	2	13.8	13.8	13.8	13.8		

\* Values in section LEL to Threshold show the appropriate NIC Rebate % to the Primary and Secondary Thresholds

### Statutory Payments

SAP Rate (Weekly)	<b>139.58</b>	SSP Rate (Weekly)	<b>88.45</b>
SMP Rate (Weekly)	<b>139.58</b>	Small Employers Relief Threshold	<b>45,000</b>
SPP & ASPP Rate (Weekly)	<b>139.58</b>	Recovery Normal / Small Employer	<b>92% / 100%</b>
ShPP (Weekly)	<b>139.58</b>	Compensation (Small Employer)	<b>3%</b>

### Automatic Enrolment & Pensions

	Weekly	2 Weekly	4 Weekly	Monthly	Quarterly	Bi-annual	Annually
<b>QE_LT</b>	112	224	448	486	1,456	2,912	5,824
<b>AE_trig</b>	192	384	768	833	2,499	4,998	10,000
<b>QE_UT</b>	815	1,631	3,261	3,532	10,597	21,193	42,385

### Construction Industry Scheme

Registered Rate (Matched Net)	<b>20%</b>
Unregistered Rate	<b>30%</b>
VAT Rate	<b>20%</b>

### Employment Allowance

£2,000

### National Minimum Wage from October 2014

Aged 21 and above	6.50
Aged 18 to 20 inclusive	5.13
Aged under 18 (but above compulsory school age)	3.79
Apprentices aged under 19	2.73