

PAYROLL- *update*



ISSUE: 1 SEPTEMBER 2008



Tax bomb diffused!

In our last newsletter we highlighted the fact that although the Chancellor had reduced the basic rate of tax there would be repercussions in the abolition of the 10% tax band.

As a result the Chancellor has now increased the Personal Allowance band to nullify the effect of the loss of the lower rate tax band. The change will take effect from 7 September 2008 but will be backdated to the beginning of the tax year - but only for those employees on a cumulative tax code.

As employers you are certain to be asked many questions by your employees. HMRC have been very helpful(!) and have launched a new web page which should answer most of their questions. The page can be found at: <http://www.hmrc.gov.uk/employers/epa-understanding.htm>

We will of course be happy to answer any questions you may have regarding this change.

Please be aware that there will be no benefit to higher rate tax payers as the 40% threshold has been decreased.

Amended thresholds for 2008/09

Normal Tax code	603L (Personal Allowance is £6,035)
20% Threshold for tax	Upto £34,800
40% Threshold for tax	Over £34,800

new student declaration form P38(s)

NEW from 7 September 2008

A new form P38(S)(2008)(2) is being introduced for use on or after 7 September which reflects the increased Personal Allowance of £6035. Employers may have students who have already declared that their earnings for the year will not exceed £5435. These declarations can remain in place until the end of the year.

If, following the introduction of the increased Personal Allowance, it becomes apparent that the student's income will exceed £5435 but will not exceed £6035, they must complete a new P38(S)(2008)(2) or equivalent record. Revised forms will be available from the Employer Orderline from 13 August 2008.

National minimum wage

NEW from 1 October 2008

£5.73 per hour for workers 22 +
£4.77 per hour development rate for workers 18-21
£3.53 per hour development rate for workers 16-17

A member of the Sage Group of Companies

new maternity rules!

NEW from 5 October 2008

With effect from 5 October 2008 all employees expecting a baby on or after this date will be entitled to continue to receive all of the **non-pay benefits** that would have been provided if the employee had not been absent.



Where an employee's terms and conditions require the employer to make contributions to the employee's pension scheme, the employer must continue to do so (a) based on the employee's earnings as they would have been if the employee were still at work and (b) for the period of maternity leave for which either SMP or OMP is paid eg where SMP is being paid, this would be for up to 39 weeks ie the 26 weeks of ordinary leave, plus the first 13 weeks of additional leave. Similarly the employee is only required to make pension contributions during the period of paid leave.



Email address

Please use our central email address for **ALL** payrolls and payroll related queries - payroll@pro-pay.co.uk This will ensure your query is answered in

a prompt manner

New Starters

Please ensure that all new employees provide you with their date of birth. This is now a mandatory requirement as **NO** P45/P46/P14 can be filed with HMRC without it. We will **NOT** be able to add a new employee without this information.

ePayslips

Don't forget this facility is now available to all our clients and is proving very popular, particularly to those employers with field or non-office based staff.

If you are in the Hastings area on Thursday 13th November, come and meet us at our stand D2 at Let's Do Business taking place at The Hastings Centre, The Ridge, Hastings. Visit www.letsdobusiness.org for further details