

# Payroll & Reward Brunch

28 October 2021

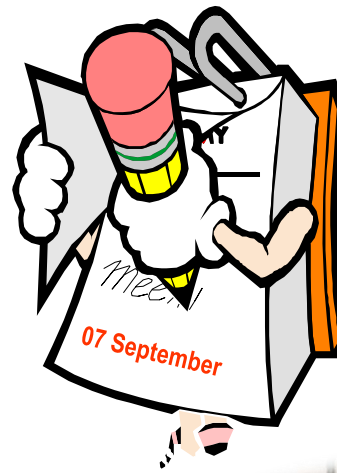
# Payroll & Reward Brunch



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**Spring Budget 2021**



**Autumn Budget 2021**



# Reading Material



- The Red Book
  - 'A Stronger Economy for the British People'
  - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1028813/Budget\\_AB2021\\_Print.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1028813/Budget_AB2021_Print.pdf)
- Autumn Budget and Spending Review 2021
  - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1028681/Policy\\_Costings\\_Document\\_FINAL.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1028681/Policy_Costings_Document_FINAL.pdf)
- The OOTLAR
  - [Annex A: rates and allowances - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/attachment_data/file/1028681/Annex_A_rates_and_allowances.pdf)
- The Blue Book
  - Due 29 October 2021
  - [UK National Accounts, The Blue Book: 2021 - Official statistics announcement - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-national-accounts-the-blue-book-2021-official-statistics-announcement)



# Agenda



- Budget themes
- Covid-19
- Income Tax
- National Insurance
- National Minimum / Living Wage
- Apprenticeships
- Pensions
- Other.



# Themes

1. Levelling Up
    - 92 mentions
  2. Net Zero
    - 54 mentions
  3. Education, Jobs and Skills
  4. Health, and
  5. Crime and Justice
- 'DAs'
  - The Block Grant
    - Scottish Budget
      - 09 December 2021
    - Welsh Budget
      - 20 December 2021



# Coronavirus Support Schemes

- CJRS ended 30 September 2021
  - Claims by 14 October 2021
  - Amendments by 28 October 2021
- £378 billion of direct support
- March 2021:
  - 'Taxpayer Protection Taskforce'
  - £100 million
- October 2021
  - An additional £55 million
  
- HMRC focus on compliance.



# Income Tax

- March 2021 Budget freezes until April 2026:
  - Personal Allowance at 2021/22 level (£12,570)
  - Marriage Allowance (£1,260)
  - Basic Rate limit (£37,700)
  - So, Higher Rate threshold is £50,270 until April 2026
- Impacts as salaries increase:
  - More people bought into the tax system
  - More at the higher rates of Income Tax
  - More people losing the Personal Allowance:
- Blind Person's and Married Couple's Allowance:
  - Increase by CPI as at September 2021...



# Income Tax

Tax Allowance	2021/22	2022/23	Change
	£	£	£
The Married Couple's Allowance*			
• Maximum	9,125	9,415	+290
• Minimum	3,530	3,640	+110
• Income Limit	30,400	31,400	+1,000
Blind Person's Allowance	2,520	2,600	+80
Personal Savings Allowance			
• Basic Rate taxpayers	1,000	1,000	0
• Higher Rate taxpayers	500	500	0





# Income Tax on Dividends

- 07 September 2021
  - Health and Social Care Levy
- Autumn Budget confirmed:
  - Dividend Allowance frozen at £2,000



Tax Year	Basic rate	Higher rate	Additional rate
2021/22	7.5%	32.5%	38.10%
2022/23	8.75%	33.75%	39.35%



# Income Tax - other



- Basis Period Reform
  - Sole trader and partnerships
  - From 2024/25
  - Profits calculated as per tax year rather than accounting year
- Clamping down on promoters of tax avoidance
  - Finance Bill 2021/22
  - Freezing promoter's assets
  - New penalties
  - HMRC 'sharing' of information.



# National Insurance - Thresholds



- March 2021 Budget
  - Upper Earnings Limit frozen until April 2026
    - Including UST, AUST, VUST
    - Other thresholds 'considered'
- OOTLAR:

	Tax Year	£
Lower Earnings Limit	2022/23	123.00
Primary Threshold	2022/23	190.00
Secondary Threshold	2022/23	175.00
Upper Earnings Limit	2022/23	967.00
Freeport Upper Secondary Threshold	2021/22	N/A
	2022/23	481.00



# National Insurance – Thresholds (VUST)



- Veterans (VUST)
  - Effective 2021/22 for veterans in civilian employment
    - In payroll from 2022/23
  - NI letter V
  - No equivalent veteran's NI letter for mariners or others (letters B, C and J)
- HMRC advised software developers October 2021:
  - Reclaim via software from 06 April 2022
    - Recalculate each pay period
  - Or manual reclaim
    - Via a letter.



# The Health and Social Care Levy (HSCL)



- 07 September 2021
  - <https://www.gov.uk/government/publications/health-and-social-care-levy/health-and-social-care-levy>
- 2022/23
  - Increase in NI and Dividend Tax percentages
    - Class 1 (employee and employer)
    - Class 1A (employer)
    - Class 1B (PSAs)
    - Class 4 (self-employed)
  - To fund NHS
- 2023/24
  - The Health and Social Care Levy at 1.25%
  - Separate payslip entry
  - Decrease in NI percentages.

*'We will not raise the rate of income tax, VAT or National Insurance'*





# National Minimum / Living Wage

- 25 October 2021:
  - HM Treasury accepted recommendations of the LPC
  - Confirmed at Autumn Budget 2021:

Rate	From April 2021	From April 2022	Change	Change
	£	£	%	£
Adults (23+) aka the National Living Wage	8.91	9.50	6.6	0.59
Adult (21 – 22)	8.36	9.18	9.8	0.82
Youth Development (18 – 20)	6.56	6.83	4.1	0.27
Under 18 but above compulsory school leaving age)	4.62	4.81	4.1	0.19
Apprentice	4.30	4.81	11.8	0.51

Effective the first full pay reference period on or after 01 April 2022.



# Apprenticeships



- Autumn Budget 2021:
  - Increased funding
  - Commitment to maintain co-investment (95% / 5%)
  - An 'enhanced recruitment service' (by May 2022) for SMEs
  - Looking at support payments going directly to employers
  - A 'return on investment tool' (by October 2022)





# Pensions

- Lifetime Allowance
  - Frozen until April 2026 (£1,073,100)
- For 2022/23, OOTLAR confirms:
  - Annual Allowance £40,000
  - Tapered Annual Allowance £4,000
  - Money Purchase Annual Allowance £4,000.



# Pensions - Other

- Basic / New State Pension
  - 07 September 2021 announcement
  - Double Lock replaces Triple Lock for 2022 increases (3.1%)
- Pensions tax relief
  - Autumn Budget 2021
  - NPA – tax relief before Income Tax is calculated
  - RSA – tax relief at the Basic rate
    - Claimed by pension scheme or via the payroll
  - Low earners do not get tax relief in an NPA scheme
  - From 2024/25 'top-up' payments to the low earner
- Increasing Normal Minimum Pension Age
  - 20 July 2021 announcement
  - Increasing to 57 from April 2028.



# Fuel Benefit

- OOTLAR confirms:

Charge	2021/22	2022/23
	£	£
Car fuel benefit charge multiplier	24,600	25,300



# Van and Van Fuel Benefit

- OOTLAR confirms:

Charge	2021/22	2022/23
	£	£
Van benefit charge	3,500	3,600
Van fuel benefit charge	669	688

- Autumn Budget 2021 point 2.108 re 'additional funding' supporting ending new petrol and diesel cars and vans in 2030.



# Universal Credit Taper

- RTI supports UC
- Currently, for every £1 above the 'Work Allowance', UC payment is tapered by 63p
- 'By 01 December 2021', UC taper reduced from 63% to 55%
  - i.e. 55p for every £1 above the 'Work Allowance'.



# Still Waiting



- Apprenticeship Levy
  - Assume unchanged
- NI thresholds per pay period
- AE thresholds
  - Assume alignment with NICs
- Student Loan thresholds
  - Plan 2 annual, and
  - Plans 1 and 2 per pay period
- Statutory payment rates.



# Any questions?

Submit any questions via the Q&A box at the bottom of the screen.

## Making change happen, together.



Moody's



Sainsbury's



# Summary

# SUMMARY



- Budget themes
- Covid-19
- Income Tax
- National Insurance
- National Minimum / Living Wage
- Apprenticeships
- Pensions
- Other





# Next Brunch – 02 December 2021



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**Thank you!**

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