

MARCH 2009 - ENEWS

In this month's enews we report on a significant number of changes in respect of employment related issues.

Please browse through this month's articles using the links below and contact us if any issues or questions arise.

- **National Insurance Contributions from April 2009**
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National Insurance Contributions from April 2009

From 6 April 2009, changes have been made to how employers will have to record National Insurance Contributions (NICs) due to changes to the State Second Pension. Employers will have to record NICs in the following four earnings bands, with the introduction of the Upper Accrual Point:

- earnings up to and including the Lower Earnings Level (LEL), where earnings are equal to or exceed the LEL
- earnings above the LEL up to and including the Earnings Threshold (ET)
- earnings above the ET up to and including the Upper Accrual Point (UAP)
- earnings above the UAP up to and including the Upper Earnings Limit (UEL).

HMRC's P11 Calculator on their CD-ROM has been updated to include all four earnings bands shown above.

It may be worth checking that, if you use payroll software, your provider has made these NICs changes available as part of the annual upgrade.

HMRC's paper form P11 Deductions Working Sheets have been updated. The 2009/10 version can be obtained from the Employer Orderline. Old stocks of P11 sheets should be destroyed. Further help on completing the 2009/10 P11 can be found in the Employer Helpbook E11 Starting the Tax Year.

Internet link: [HMRC employer bulletin](#)

New Statutory Payment Rates for 2009/10

The new Statutory Payment Rates for 2009/10 have been announced (subject to Parliamentary approval). The new rates are as follows:

- Statutory Sick Pay (SSP) weekly rate - £79.15 for payment weeks beginning on or after 6 April 2009
- Statutory Maternity Pay (SMP) – standard rate £123.06 for payment weeks beginning on or after 5 April 2009
- Statutory, Adoption and Paternity Pay (SAP, SPP) – £123.06 for payment weeks starting on or after 5 April 2009.

Employers who do not qualify for Small Employers' Relief will be able to continue to recover 92% of the SMP/SAP/SPP. Employers who do qualify for the relief will be able to recover 104.5% of the SMP/SAP/SPP.

A small employer is one who paid (or was liable to pay) total gross Class 1 NICs of £45,000 or less in the individual's qualifying tax year.

In addition, a new Employer Helpbook E19 is now available. This brings together all the information on Paternity Pay. The other Helpbooks now cover Sick Pay (E14), Maternity Pay (E15) and Adoption Pay (E16).

Internet link: [HMRC employer bulletin](#)

Changes to SSP for agency workers

Following the Court decision in the case of Thorn Baker Limited, the Department for Work and Pensions (DWP) have amended the legislation. This was done to restore the Government's original policy intention that agency workers who have contracts of less than three months should be eligible for Statutory Sick Pay (SSP) within the first three months of their contract.

This is designed to ensure that all employees and agency workers are eligible for SSP on the same basis, regardless of the length of their contract.

The change which came into effect on 27 October 2008 has recently been confirmed in the latest HMRC Employer Bulletin. The effect of the change is that workers supplied through an agency are eligible for SSP from the start of their contract. This is, of course, subject to all the other entitlement conditions being met.

Internet link: [HMRC employer bulletin](#)

Statutory Maternity Leave, salary sacrifice and non-cash benefits

Salary sacrifice is a change to an employee's contractual pay entitlement. It often involves the giving up of some entitlement to pay in return for some other form of benefit, such as employer pension contributions or childcare vouchers. Depending on the sort of benefit involved, tax and/or National Insurance savings can often result for both the employer and employee.

Following changes in the law in 2008 on what benefits employers must provide to employees during Additional Maternity Leave, HMRC published guidance on Statutory Maternity Leave and salary sacrifice. Similar changes took place in respect of employees on adoption leave. In the recent HMRC Employer Bulletin they provided a link to the guidance.

The guidance also covers what non-cash benefits should be provided to employees during Statutory Maternity Leave.

HMRC have confirmed, following requests from employers, that they plan to publish further guidance on their website, including the tax and NICs implications of providing non-cash benefits, in-year recording and end of year reporting of these complex areas.

If you would like to discuss these issues in more detail or the opportunities afforded by salary sacrifice more generally, please do get in touch.

Internet link: [HMRC guidance on salary sacrifice](#)

'How to Pay' changes

During 2009, HMRC will be changing the bank accounts into which businesses and individuals make payments. These changes will be phased in throughout the year but HMRC will keep businesses and taxpayers informed of any changes.

The first account change will be on the Pay As You Earn (PAYE) payment booklets issued from February 2009, which should be used from April payments onwards for the 2009/10 tax year.

Other changes will appear within HMRC's 'How to Pay' instructions. An updated version of these instructions, including the revised bank account and sort code details, will be published on HMRC's website as changes are made.

If you make payments to HMRC via BACS and banks online systems, the new details will be provided in the 'How to Pay' instructions when the changes are made.

HMRC state:

'You do not need to take any specific action or make any changes at the moment; your payments will continue to be received by HMRC and applied to your tax liability.'

Internet link: [HMRC employer bulletin](#)

Avoiding and resolving workplace problems

The legislation governing how businesses deal with disputes with their employees is changing from April 2009. The new simpler and more flexible system is intended to save businesses time and money.

Acas, the employment relations service, have now issued a new Code of Practice following parliamentary approval and accompanying guidance which will lay out the principles and provides practical guidance on procedures for handling disciplinary and grievance matters in the workplace.

The Employment Act 2008:

- repeals the mandatory three-step process for discipline/grievance issues; and
- allows employment tribunals to adjust awards by up to 25% if an employee or employer has acted unreasonably in not following the principles in the new Acas Code.

The Government is providing additional help for all employers to get the maximum benefit out of this new system by working with Acas.

From April 2009, help on the new rules will be available from the Acas helpline on 08457 47 47 47. Trained Acas conciliators will also be available throughout the country to help resolve workplace problems.

Acas are also running a variety of courses aimed at helping businesses during a recession, such as redundancy and restructuring, managing people in difficult times, understanding and managing redundancy, varying a contract of employment, and employment law update.

Internet links: [HMRC employer bulletin](#) [Acas article](#)

PAYE changes

HMRC have issued a reminder to employers with 50 or more employees that they must send their employee starter and leaver information - P45s, P46s and P46(Pen) for pensions - online from 6 April 2009. As always, failure to comply with these new rules could result in a penalty.

HMRC's Simon Lidster said:

"If you're an employer with 50 or more employees, and you're not filing your P45s and P46s online, time is running out. Register now, so you don't end up facing a penalty.

These employers also need to remember that their 2008/09 Employer Annual Returns must be submitted online to HMRC by 19 May. Returns are being accepted now, so we are urging employers to send them in as soon as they are ready."

If you would like any help in this area, please do get in touch.

Internet link: [HMRC press release](#)

HMRC warn of latest fraud attempt

HMRC are warning taxpayers of the latest fraud attempt to be reported to them.

Taxpayers are being sent an email asking them to 'update your account to the new EV SSL certification'. HMRC are warning that this is a scam email which is attempting to steal User IDs and Passwords. The email is being sent from hmrc@hmrc.gov.uk.

HMRC advise that you should never disclose personal information such as User IDs or Passwords and that anyone receiving a suspicious email should forward it to phishing@hmrc.gsi.gov.uk.

Internet link: [HMRC guidance on security fraud attempts](#) [Example email](#)